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AUTHOR Funkhouser, Janie E.; And Others
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ABSTRACT

Examination of the United States Department of Education's administration of staff and funds for the implementation of Chapter 1 of the Education Consolidation and Improvement Act from fiscal year (FY) 1981 to FY 1986 revealed the following information: (1) the number of staff assigned to administer the Chapter 1 program declined dramatically, as did expenditures for federal salaries and expenses and personnel ceilings for the program; (2) program monitoring and federally-provided technical assistance were the two administrative functions that underwent the greatest change within the Compensatory Education Programs (CEP) office as a result of staff reductions and new approaches to program management; (3) the reductions in staff and the shifts in functions performed were heavily concentrated in the period from FY 1982 through FY 1984, a time of considerable turmoil in the CEP unit responsible for daily administration of the program; and (4) the question of whether current staff qualifications and levels are adequate is highly dependent on what is encompassed in the term "administration of the program." Data are presented in 13 figures. A brief list of references is included. Appendices provide additional data, define the terms used in the budgetary process, and present the justification for the Office of Elementary and Secondary Education's salaries and expenses request for FY 1987 presented to Congress. (BJV)

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Federal Administration of Chapter 1, ECIA Staffing and Financial Support Substudy

Janie E. Funkhouser, DRC
Joan S. Michie, Independent Consultant
Mary T. Moore, DRC

Prepared for:

Office of Educational Reseach and Improvement
U.S. Department of Education

January 1987

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ACRONYMS

CAN	Common Accounting Number
CEP	Compensatory Education Programs
DED	Division for Education of the Disadvantaged
ED	U.S. Department of Education
FTE	Full-time Equivalent
FY	Fiscal Year
HEW	Department of Health, Education and Welfare
IG	Office of the Inspector General U.S. Department of Education
LEA	Local Education Agency
OE	Office of Education
OERI	Office of Educational Research and Improvement
OESE	Office of Elementary and Secondary Education
OGC	Office of General Counsel U.S. Department of Education
OPBE	Office of Planning, Budget and Evaluation
OSERS	Office of Special Education and Rehabilitative Services
PES	Planning and Evaluation Services
RIF	Reduction-in-Force
SEA	State Education Agency
S&E	Salaries and Expenses
TAC	Technical Assistance Center
TIERS	Title 1 Evaluation and Reporting System

EXECUTIVE SUMMARY

The Federal Staffing and Financial Support Substudy is one of four reports on the federal administration of Chapter 1 of the Education Consolidation and Improvement Act (ECIA). It was conducted as a part of the Congressionally mandated study of Chapter 1.

The U.S. Department of Education (ED) plays a major role in administering the federal Chapter 1 program. Historically, department responsibilities have encompassed a range of activities including preparation of regulations, guidance and advice on program compliance, dissemination of information, handling of complaints, monitoring state and local administration, auditing, imposing sanctions for noncompliance, and identifying techniques for project improvement. These activities, depending on the way they are approached, require various commitments of staff and funds to enable staff to do their work. This substudy focuses on how the Department has sought to provide these resources for the administration of Chapter 1 during the period between FY 1981 and FY 1986. Its purpose is twofold: (1) to describe the manner in which staff and financial resources within the department currently are deployed to meet ED's responsibility for management of Chapter 1; and (2) to document and explain changes in these areas across the years just prior to passage of ECIA and thereafter. The focal years chosen, FY 1981 - FY 1986, allow comparisons of ED's efforts under Title I legislation with those under the Chapter 1 ECIA legislation. Major findings include:

(1) The number of staff assigned to administer the Chapter 1 program declined dramatically from FY 1981 to FY 1986, as did federal S & E expenditures and personnel ceilings for the program. Compensatory Education Programs (CEP) staff who administer the Chapter 1 program were reduced by 46 percent between the years of interest in this study. Two successive RIFs in 1982 and 1983 were the primary means by which these reductions took place, although hiring freezes resulting in reduction by attrition were also instrumental. As would be expected, federal expenditures for CEP and ED's personnel ceilings for the program also show a decline in this period of time. Noteworthy, however, is the inability to determine the exact level of salary and expense resources available to CEP to administer the Chapter 1 basic grants program; differences from year to year in how the accounting data are collected rendered the task of tracking these expenditures impossible. Since Congress' appropriations for the program did not drop over the years in question (although in terms of real purchasing power the program budget did experience a 9 percent reduction), CEP staff decreases

were not justified by a declining federal budget; rather they were seen by ED as called for by ECIA's requirements for less burden and overprescription in the administration of the program, and by the need to bring greater efficiency to government operations.

(2) Program monitoring and federally-provided technical assistance were the two administrative functions that underwent the greatest change within the CEP office as a result of staff reductions and new approaches to program management. As part of the effort to reduce staff and reconfigure federal administration of the program in a less-burdensome, prescriptive manner, officials within OESE and CEP elected to move to biennial instead of annual program reviews of state and local education agencies and to eliminate many of the federal program specialists whose job was to provide technical assistance on specific topics of concern to the program. The specialist positions selected for elimination included parent involvement, needs assessment, basic skills, target area selection practices and neglected or delinquent (N or D) services. The reasons given by respondents for their elimination include the fact that ECIA de-emphasized the importance of some areas or that experience with compliance had shown some areas to no longer require as much attention. While the areas of program monitoring and technical assistance changed the most during the years examined, other areas of changed emphasis deserve mention. Technical assistance on issues of services to nonpublic school children has grown within CEP, in large part as a function of the Felton ruling and ED's interest in preventing reduced services to this population. CEP has also added a technical assistance specialist to work on program improvement issues.

(3) The reductions in staff and the shifts in functions performed were heavily concentrated in the period from FY 1982 through FY 1984, a time of considerable turmoil in the CEP unit responsible for daily administration of the program. During these years, CEP endured two RIFs and two associated reorganizations. Reports from staff involved indicate that the RIFs took their toll on staff morale. Moreover, during the period cited, significant uncertainty surrounded the future administrative role of CEP under ECIA. Staff were pulled in different directions attempting to implement a less directive approach to program regulations and guidance at the same time state and local recipients were pressing for clarification of requirements under the new ECIA legislation. The 1983 Technical Amendments eliminated some of the uncertainty over the status of various Title I provisions, yet CEP staff still had several pressures with which to contend. In the broader context, in these years the Congress and the Administration differed radically in their views of the program budget; the FY 1983

budget request of the Administration was $1 billion below what the Congress actually appropriated. Based on our interviews with senior level officials in OESE and CEP, and a sample of more junior level staff within CEP, the years following 1984 show a greater degree of stability for federal management of the program as implementation uncertainties have subsided somewhat and there is greater consensus between Congress and the Administration in their views towards the program budget.

(4) The question of whether current staff qualifications and levels are adequate is highly dependent on what is encompassed in the term "administration of the program." Our inquiries resulted in several perspectives on the question of adequacy, but they were limited to coverage of viewpoints inside ED, and in standards for comparison. Generally speaking, we did not uncover internal attitudes that staff have fewer qualifications today than was the case under Title I. At least half of the current staff worked in the program office in 1981. Additionally, the preponderance of staff in CEP are relatively senior civil servants with federally assigned grade levels of 12 and above. The majority of respondents interviewed observed that the strengths and weaknesses of staff today were fairly proportional to those under Title I. Responses to SEAs with letters of finding from the program reviews currently take just over a month to process when previously the time required was close to 6 months. Finally, a number of staff indicated their view that the program was operating more efficiently at present than before. While these comments convey a positive view of current staffing of the Chapter 1 program, a few disquieting perceptions also emerged. First, although all senior staff we interviewed believed current numbers of staff to be adequate, staff in the program review unit all agreed that insufficient numbers of staff were available to conduct program reviews. As justification respondents cited the reduction from 4 to 2 members on typical program review teams. Some indicated that program reviews and complaint resolution were less thorough now under Chapter 1 both because of Chapter 1 itself and because of measures to restrict federal involvement, while others saw no difference. Second, we compared Chapter 1 dollars administered per staff member with that of other comparable ED formula-grant programs like P.L. 94-142 and vocational education, and discovered that Chapter 1 administers almost twice as many dollars per staff member. Whether this indicates greater efficiency or inadequate staff resources cannot be determined from this inquiry; part of the reason involves differing administrative practices of those offices responsible for the comparison programs.

Reaching final conclusions on the adequacy of staff resources applied to the management of the Chapter 1 program is a complicated endeavor, that ultimately involves various subjective notions of how the program should be administered. The findings of this study are inconclusive on this question. Any conclusive statement on the issue of adequacy would need to incorporate information from a wide range of involved parties such as SEAs, LEAs, and the Congress. We suspect a great deal rests on how meaningful past strategies of program review and technical assistance proved to be, since these are the areas that have changed the most as a result of staff reductions.

I. INTRODUCTION

The Federal Staffing and Financial Support Substudy is one of four reports on the federal administration of Chapter 1 of the Education Consolidation and Improvement Act (ECIA). It was conducted as a part of the Congressionally mandated study of Chapter 1.

The U.S. Department of Education plays a major role in administering the federal Chapter 1 program. Historically, department responsibilities have encompassed a range of activities including preparation of regulations, guidance and advice on program compliance, dissemination of information, handling of complaints, monitoring state and local administration, auditing, imposing sanctions for noncompliance, and identifying techniques for project improvement. These activities, depending on the way they are approached, require various commitments of staff and funds to enable staff to do their work. This substudy focuses on how the Department has sought to provide these resources for the administration of Chapter 1 during the period between FY 1981 and FY 1986. Its purpose is twofold: (1) to describe the manner in which staff and financial resources within the department currently are deployed to meet ED's responsibility for management of Chapter 1; and (2) to document and explain changes in these areas across the years just prior to passage of ECIA and thereafter. The focal years chosen, FY 1981 - FY 1986, allow comparisons of ED's efforts under Title I legislation with those under the Chapter 1 ECIA legislation.

In pursuing these purposes we gave careful attention to understanding the multiple forces that impinge on federal management of a program such as Chapter 1. Like any large agency, the Department of Education manages a number of programs providing financial and technical assistance to recipients. This results in many intradepartmental competitors for what often are scarce supplies of staff and dollars. Moreover, several units within ED carry out important functions related to Chapter 1, for example, attorneys in the General Counsel's office and auditors in the Inspector General's office. Thus the tendency exists for numerous actors with varying agendas to influence the management of Chapter 1. Finally, management choices reflect a number of influences beyond the confines of ED. Congress may pass new authorizing language to modify Chapter 1 as it did with ECIA, however, numerous other actions are likely to affect the program's administration. These include hiring freezes, across-the-board efforts to curtail government spending, and changing philosophies about the best approach for meeting legislative objectives and exerting the federal presence in education. All of these forces were evident in the period examined in this substudy

and thus were important factors to take into account in interpreting ED's allocation of staff and financial support to managing Chapter 1.

METHODOLOGY

The data used in this study came from various sources. For much of the quantitative data we relied on official documents such as ED memoranda, staffing reports, organization charts, funding histories and the like. We relied on personal interviews for information for which no hard-copy source could be readily located, or for which the hard-copy source was outdated. Our interviews were conducted with staff working in Compensatory Education Programs (CEP), the office administering Chapter 1, and several individuals in other units responsible for the program's administration.

Appendix A provides a list of quantitative data used in this report accompanied by the title of the office within ED from which the data were obtained. In some cases we found it necessary to compare data from different sources that did not always agree. Frequently, the irregularities that resulted were due to different measurement techniques. Other irregularities could not be explained so easily. Throughout this report we note these occurrences in order to provide the reader an adequate framework from which to draw conclusions about how much confidence to place in certain numbers.

Because this study was conducted within fixed resources and because some areas of inquiry simply cannot be reduced to objective measures, we often relied on the opinions of selected staff and managers within CEP and the department. We carefully selected a sample of CEP staff below the top management layer in CEP to gain a range of insights into the work and conditions affecting program administration in the period indicated. Where opinions constitute the basis of our information, we so indicate in the subsequent sections of this report.

Readers should also note that although we spoke with individuals in all units involved in the Chapter 1 program's management, greater emphasis was given to tracking staff resources in the office of Elementary and Secondary Education, particularly the Compensatory Education Programs office. In most other units, staff perform functions across a number of other programs, making it difficult to measure staff time and administrative funds devoted solely to Chapter 1.

REVIEW OF RELEVANT STUDIES ON TITLE I/CHAPTER 1

This study is not the first to investigate the federal administration of Chapter 1, although it does appear to be unique in its efforts to document in detail the staffing arrangements and supporting funds available within ED to manage the program. As part of this study, we reviewed earlier research relevant to these topics both to identify management issues that have endured across time and to gain a baseline for comparison. The literature we reviewed can be divided into two categories: (1) external studies performed by individuals outside the government, and (2) internally conducted studies of ED management efforts. In the subsequent paragraphs we highlight relevant findings from each category of research. Overall these studies reveal several pertinent points:

- The management of Title I/Chapter 1 is not conducted in isolation of other programs and policy offices.
- Especially since 1980 external writers have reported concerns about the adequacy of staff available to conduct program operations.
- Chapter 1 administrative staff, as part of the larger department, were subject to several shifts during the late 1970s and early 1980s. These included formation of the Department of Education, a reduction in force in 1982, a continued hiring freeze producing attrition in the ranks, and the passage of new legislation as part of ECIA. These events were important factors in ED's decisions about staffing and financial support of the program.

Externally Conducted Studies[1]

NIE Study of Management, 1977.

In the mid-1970's, the National Institute of Education conducted a comprehensive study of Title I. At that time the program was administered by the Division for Education of the Disadvantaged (DED) in the U.S. Office of Education (OE), a part of the Department of Health, Education, and Welfare (HEW). Although the study described many of the offices involved in the federal administration of Title I, staffing levels were not discussed (National Institute of Education, 1977). Study findings suggested that, with the number of administrative units involved, inconsistent staffing

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[1]While several other externally conducted studies of the federal administration of Title I have been conducted, we limit our discussion primarily to those studies with a post 1978 focus as well as to those with emphasis on issues particularly relevant to staffing of and financial support for the program.

policies were "highly probable" (p.29). The bulk of the report on federal administration centered on a conflict between DED and the Office of the Associate Commissioner for Compensatory Educational Programs, the office immediately responsible for DED. According to this report, the two offices disagreed on the "proper role of the Federal Government in implementing educational policy" (p.29), resulting in inconsistent direction to states concerning issues such as supplementation requirements. Research by Goettel (1978) suggested that the impact of these inconsistencies on state and local programs was smaller than generally thought. However, he observed that differences in the interpretations made by administrative staff in OE and those made by HEW auditors particularly concerned state officials.

National Advisory Council Report, 1980.

A report by the National Advisory Council on the Education of Disadvantaged Children (Reisner, 1980) reviewed changes in the federal administration of Title I resulting from the Education Amendments of 1978. Reisner found that Title I issues and policies received little attention from senior HEW staff members. Access to senior decision-makers was reportedly a problem due to the number of organizational levels between the office administering Title I and the HEW Secretary. However, Reisner reports an additional reason for the distancing of program office and senior staff was that the program office dealt "with as many program issues as possible within the office itself without informing senior OE officers of problems and decisions facing the program" (p.53).

According to this report, the administrative resources available to the Title I program office were inadequate for fulfilling its mandated responsibilities, particularly when compared to those of other state formula grant programs. In FY 1977 Title I represented 36.8 percent of the federal elementary and secondary education budget but only 7.3 percent of the federal elementary and secondary staff positions. Programs in adult education, vocational education, and special education each received about the same number of staff allocations although appropriations were substantially smaller. The reasons suggested for this disparity were: (1) the Deputy Commissioner for Elementary and Secondary Education administered other large programs in addition to Title I which all competed for his attention, while the other state formula programs were the core programs of the offices administering them; and (2) outside of the program office, the agency viewed the federal role in the administration of Title I as primarily check-writing. The report concluded that Title I staff and travel monies

were insufficient for monitoring state activities, and audit resolution was receiving inadequate attention. Program office staffing levels had not grown proportionately to increases in the Title I program budget. From FY 1977 to FY 1980, Title I funding grew from $2.3 billion to $3.3 billion, a 43 percent increase. During these same years the program office grew by only 28 percent from 72 positions to 92. (It was reported that these comparisons were not completely justified because inflation had not been taken into account.)

These findings were obtained while the Title I program office was part of the U.S. Office of Education in HEW. However, the report was written at the time that the newly created Department of Education was being organized. Recommendations were therefore made in anticipation of the new organization. The report recommended that the Director of Title I report directly to the Assistant Secretary for Elementary and Secondary Education and that sufficient personnel and Departmental funds be provided for the administration of the program. As a first step, the report suggested a study of the staffing of the Title I program office that would (1) evaluate the functions needed to administer the Title I program at the federal level; (2) determine the qualifications needed by program administrators to carry out these functions; (3) assess the staffing of the Title I office in terms of the skills and number of personnel required to perform these responsibilities; and (4) describe strategies for addressing any weaknesses. The report also recommended that this assessment should include a review of the resources for the Office of the Inspector General and Office of the General Council, other ED offices involved in the administration of Title I. No follow-up on these requests has been reported.

Dougherty Study of Chapter 1 Implementation, 1985.

Dougherty (1985) studied administrative ramifications of the legislative change from Title I to Chapter 1 in the first few years of the program's implementation. Although Dougherty described the federal role in the administration of the program, he provided little information about the staffing of the federal program office other than mention of a decline in the number of federal staff with knowledge about Chapter 1 (due to attrition, reassignments, and reductions-in-force). Dougherty focused primarily on SEA patterns of implementation in this study and as a result had few direct measures of federal management. The report included quotes from several SEA directors who complained that the federal office had a number of new staff members with insufficient knowledge of Chapter 1. A number also complained of difficulty in

obtaining responses from the program office, although the situation was improving at the time of the interviews (the latter half of 1984). The Dougherty report did not provide documentation of numbers of staff involved in these changes.

Internally Conducted Studies

Human Resources Analysis and Review Staff (HRARS) Report, 1982.

In 1982, an ED Department-wide comprehensive workload analysis was performed, the first such analysis ever conducted within ED. Impetus for this analysis resulted from a circular issued by the Office of Management and Budget (OMB) on July 30, 1980 requiring all agencies to develop a balanced position management program from reduced personnel levels established by OMB. In response, on May 18, 1982 the Secretary of Education created the Human Resource Analysis and Review Task Force. The purposes of the task force were to "(1) provide a basis for budgeting and allocating positions according to ED priorities and workloads requirements; (2) identify areas where increases, decreases and reallocations of positions were appropriate; and (3) review program and management systems and structures to assure that position resources were used effectively." Task force members interviewed senior ED staff and reviewed administrative responsibilities and legislative changes for each program managed by ED. Program-related workload indicators used in the analysis included the number of applications received, the number of awards made, and the number of site visits performed. Departmental activities were rank ordered to reflect statutory requirements and administrative priorities.

The HRARS report recommended decreases for most ED offices. Sharpest decreases, those above 20 percent, were recommended for the Office of Elementary and Secondary Education (OESE), which administered the Chapter 1 program and a number of other grant programs including Chapter 2, Impact Aid and Indian Education; the Office of Vocational and Adult Education; and the Office of Intergovernmental and Interagency Affairs. Reasons for the recommended reductions in OESE were the decreasing workload in several units and the implementation of ECIA. For Compensatory Education Programs, (CEP) a part of OESE, the task force recommended that staff be reduced from 72 to 65. This reduction of 7 staff members presumed elimination of the Follow Through program; no changes were suggested for the staff administering Chapter 1.

The HRARS report criticized ED for relying too heavily on attrition to meet OMB-imposed personnel ceilings. A long term hiring freeze, in effect since January

1981, had resulted in uneven staff decreases within various ED offices, producing an imbalance between staff and workloads. The report also cautioned against imposition of another reduction in force (RIF) given continued morale problems stemming from a 1982 RIF. In conducting its research, the HRARS task force was unable to find a reliable data base which showed the number of filled staff positions by organizational unit. The payroll system in use at the time contained a significant number of errors charging employees' salaries to inappropriate offices.

Grace Commission Report, 1983.

In June 1983, the President's Private Sector Survey on Cost Control, commonly known as the Grace Commission, issued a task force report on the Department of Education. Morale was found to be low throughout most of ED. The report did not focus explicitly on Chapter 1's management but rather was addressed department-wide. Its conclusions are useful for interpreting the atmosphere in which Chapter 1 was administered. The commission observed that ED employees were confused about the general direction of ED and how they fit into this mission. Voluntary continuation of the hiring freeze was cited as counterproductive; employees with marketable skills had left while many low achievers were retained because their supervisors wanted to safeguard the positions. According to the Grace report, between 15 and 30 percent of the employees were overclassified. Further, several problems with the ED payroll system were identified. No staff or program unit budgets had existed for two years because of uncertainties surrounding Congressional funding. The task force recommended redefining ED's mission, decentralizing personnel and support services, and improving the automated data processing system. Replacement of the hiring freeze with tight budgets and firm manpower ceilings were also recommended as a way to boost morale and improve productivity.

ORGANIZATION OF THIS REPORT

The subsequent portions of this report contain the results of our inquiries about federal staffing and support for the Chapter 1 program. The second section describes the context within which the federal administration of Chapter 1 has taken place. This section discusses the budget for the program along with other federal directives and initiatives that directly or indirectly shaped the course of staffing decisions between FY 1981 and FY 1986. The third section of this report addresses staffing levels and the deployment of staff to the various functions performed by the Chapter 1

program office during the focal years of our investigation. It also compares staffing levels for similar ED programs and reports opinions within the Office of Elementary and Secondary Education (OESE) and the program office regarding the adequacy of staff available to administer the Chapter 1 program. The fourth section of the report summarizes data on intradepartmental funds allocated to the administration of Chapter 1. It focuses on the salaries and expense budget that secures staff, travel, and supplies needed to administer the Chapter 1 program.

THE CHAPTER 1 BUDGET

To some extent the workload and level of responsibility involved in federal administration of the Chapter 1 program is reflected in the program budget. It is an inexact indicator, however, since in some programs a purely check-writing approach (as opposed to one focused on ensuring faithful compliance with programmatic directives) can lead to the association of large program appropriation levels combined with small numbers of staff required to execute this approach. Nevertheless, the size of the Chapter 1 budget is an important backdrop to considerations involving the attention and significance the program is likely to hold within the whole of ED. In turn, the attention and significance the program holds within ED could influence program office staffing decisions.

The Chapter 1 budget comprises two accounts: the "program budget" for funds allocated to states and LEAs, and the salary and expenses budget--or S & E budget--for funds committed to federal administration of the Chapter 1 program. The annual budget for ED (i.e., including all ED programs and accounts) moves on a highly regular schedule from the Office of Planning, Budget and Evaluation (OPBE) to OMB, and finally to appropriate congressional committees. Several stages of formal appeals and negotiations characterize the process between ED and OMB, but once the budget reaches Congress, the Administration's requests remain intact subject to congressional deliberation. The Administration may request that Congress approve additional funds (called supplementals) or reductions in appropriated funds (called rescissions), but these changes occur outside the standard annual budget request process. We mention these points because of their relevance to the Chapter 1 program during the period examined.

Selected Funding History of the Basic Grants Program

A Ten-Year Perspective. Exhibit 1 presents the funding history of the Chapter 1 Basic Grants to LEAs program in both real and adjusted dollars, for the years FY 1975 through FY 1986. The percent change is also presented for both real and adjusted dollars. This ten-year perspective provides a broad overview of appropriations; in the

EXHIBIT 1

Chapter 1 Basic Grants to LEAs
Funding History in Real and Adjusted 1975 Dollars
FY 1975-FY 1986

	Appropriation in Actual Dollars			Appropriation in Adjusted Dollars**	
Fiscal Year*	Dollars	% Change	Fiscal Year	Dollars	% Change
1975	$1,588,200,000		1975	$1,588,200,000	
1976	1,721,361,000	8	1976	1,603,035,039	1
1977	1,927,424,000	12	1977	1,687,886,504	5
1978	2,357,054,000	22	1978	1,925,576,060	14
1979	2,777,289,000	18	1979	2,082,737,978	8
1980	2,731,682,000	-2	1980	1,845,446,195	-11
1981	2,611,387,000	-4	1981	1,619,920,267	-12
1982	2,562,753,000	-2	1982	1,481,917,131	-9
1983	2,727,588,000	6	1983	1,496,963,431	1
1984	3,003,680,000	10	1984	1,573,027,078	5
1985	3,200,000,000	7	1985	1,590,565,626	1
1986	3,062,400,000	-4	1986	1,466,446,960	-8
	% Change FY 1975 - FY 1978			% Change FY 1975 - FY 1978	
	48			21	
	% Change FY 1979 - FY 1982			% Change FY 1979 - FY 1982	
	-8			-29	
	% Change FY 1983 - FY 1986			% Change FY 1983 - FY 1986	
	12			-2	
	% Change FY 1975 - FY 1986			% Change FY 1975 - FY 1986	
	93			-8	

* The Chapter 1 budget for a particular fiscal year is passed by Congress during the school year ending during that fiscal year, and the funds will actually be obligated for services rendered during the school year beginning in that fiscal year. For example, the fiscal year 1981 budget is voted on by Congress during school year 1980-81, and those funds will be obligated for services rendered during school year 1981-82.

** Figures are adjusted for inflation using 1975 as the base year (1975=100). The state and local government deflator (one of the Implicit Price Deflators for the Gross National Product) for all quarters of the fiscal year (the fourth quarter of the previous year through the third quarter of the current year) were used to calculate an average fiscal year deflator.

subsequent paragraphs we present the six-year focus that matches the time period used throughout this study.[1]

Federal appropriations for the Chapter 1 basic grants to LEAs program amounted to just over $3 billion in FY 1986. As Exhibit 1 indicates, with the exception of fiscal years 1980-1982 and 1986, actual appropriations between FY 1975 and 1986 have increased; however, the rate of increase fluctuated from year to year. While actual appropriations covering this eleven year period show an overall increase of 93 percent, when dollars are adjusted, they indicate a decline of 8 percent. Adjusted dollars for the four year period covering FY 1979 - FY 1982 indicate a steady decline when compared to the preceding and succeeding four year periods. Examination of the yearly percent change in adjusted program dollars between FY 1980 and FY 1985 shows a marked reversal around FY 1983 in the decline of adjusted Chapter 1 appropriations. This reversal paralleled a leveling off in the inflation rate. FY 1986 again shows a decline in both actual and adjusted dollars for the Chapter 1.

A Six-Year Perspective. Exhibit 2 summarizes Chapter 1's appropriation levels for the focal years of this substudy. In this exhibit, dollars are adjusted using FY 1981 instead of FY 1975 as a base year. The yearly percentage change in adjusted dollars is the same across Exhibits 1 and 2. What is notable, however, is the total 9 percent decline in real dollars for the FY 81 - FY 86 period. This compares to a 17 percent growth in unadjusted appropriations during this time frame.

Staying with this six-year focus, Exhibit 3 presents a history of legislative budget action on Chapter 1 basic grants to LEAs for FY 1981 through FY 1986. This depiction allows us to trace some of the reasons behind increases and decreases in annual Chapter 1 appropriations during the period of primary concern in this study. Requests submitted to Congress and final appropriations are presented, as well as information on supplemental appropriations and rescissions[2] for each fiscal year. In addition, brief descriptions of events influencing the program budget are indicated.

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[1] Appendix B presents a 20-year view of line item final appropriations for the Title I/Chapter 1 program from FY 1966 - FY 1986.

[2] Appendix C presents definitions of budget terminology used in this report.

EXHIBIT 2

Chapter 1 Basic Grants to LEAs
Funding History in Real and Adjusted 1981 Dollars
FY 1981 - FY 1986

	Appropriation in Actual Dollars			Appropriation in Adjusted Dollars**	
Fiscal Year*	Dollars	% Change	Fiscal Year	Dollars	% Change
1981	2,611,387,000		1981	2,611,387,000	
1982	2,562,753,000	-2	1982	2,388,907,713	-9
1983	2,727,588,000	6	1983	2,413,195,170	1
1984	3,003,680,000	10	1984	2,535,780,469	5
1985	3,200,000,000	7	1985	2,564,053,287	1
1986	3,062,400,000	-4	1986	2,363,969,198	-8
	% Change FY 1981 - FY 1986			% Change FY 1981 - FY 1986	
	17			-9	

* The Chapter 1 budget for a particular fiscal year is passed by Congress during the school year ending during that fiscal year, and the funds will actually be obligated for services rendered during the school year beginning in that fiscal year. For example, the fiscal year 1981 budget is voted on by Congress during school year 1980-81, and those funds will be obligated for services rendered during school year 1981-82.

** Figures are adjusted for inflation using 1981 as the base year (1981=100). The state and local government deflator (one of the Implicit Price Deflators for the Gross National Product) for all quarters of the fiscal year (the last quarter of the previous year through the third quarter of the current year) were used to calculate an average fiscal year deflator.

EXHIBIT 3

History of Legislative Budget Action on Chapter 1 Basic Grants to LEAs, FY 1981-FY 19867

Fiscal Year*	Request (President's Budget)	Final Appropriation	Supplemental/Rescission**	Notes
1981	$2,994,168,000	$2,611,387,000	-$313,563,000	The request is President Carter's request of record. His original request, submitted one month earlier, was identical except for an additional 150,000,000 in concentration grants. The final appropriation reflects a reciasion imposed by Reagan.
1982	$2,095,032,000	$2,562,753,000	+$148,000,000	Supplemental to provide for those states who would have gained funds if the 1980 Census data (as opposed to the 1970 data) had been applied to the allocation formula.
1983	$1,726,256,000	$2,727,588,000	+$ 40,000,000	1980 Census data now applied to allocation formula. Supplemental provided to those states in which the comparison of the previous years allocation to that of the current year indicates a loss of funds.
1984	$2,729,939,000	$3,003,680,000		
1985	$3,034,519,000	$3,200,000,000		
1986	$3,200,000,000	$3,062,400,000		The final appropriation reflects a reduction of $137,600,000 made pursuant to the Balanced Budget and Emergency Control Act of 1985, P.L. 97-77.

* The Chapter 1 budget for a particular fiscal year is passed by Congress during the school year ending during that fiscal year, and the funds will actually be obligated for services rendered during the school year beginning in that fiscal year. For example, the fiscal year 1981 budget is voted on by Congress during school year 1980-81, and those funds will be obligated for services rendered during school year 1981-82.

** Amount included in final appropriation.

The FY 1981 appropriation reflects a rescission of $313.6 million imposed by President Reagan on President Carter's request to Congress.[3] During fiscal years 1982 and 1983, the pendulum swung in the opposite direction under an unusual set of circumstances; supplemental appropriations (of $148.0 million and $40.0 million, respectively) were initiated and voted by Congress each year. The supplemental appropriations were made to assist states that gained or lost Chapter 1 funding when final 1980 Census data were entered into the allocation formula.

During FY 1982, 1970 Census data were still being used to estimate numbers of poor children residing in states and LEAs, and thus played a major role in determining the amount allocated to states and LEAs. Preliminary 1980 Census data indicated a shift among states in the poverty population. States in which the preliminary data indicated increased numbers of poor children filed a law suit resulting in the issuance of a preliminary injunction preventing ED from distributing the FY 1982 appropriation until the 1980 Census data were available. The injunction was dissolved in July and final grant awards were issued based on 1970 Census data. Congress designed the supplemental appropriation of $148 million passed late in the year to provide additional funds for those states who would have received larger allocations if the 1980 Census data had been applied to the allocation formula. The $40 million supplemental passed in FY 1983 was provided to those states in which the comparison of the previous years allocation to that of the current year indicated a loss of funds.

The next noteworthy event influencing the fate of the Chapter 1 budget occurred in FY 1986 when the Balanced Budget and Emergency Control Act of 1985 (P.L. 97-77)--informally referred to as the Gramm-Rudman Act--took effect, resulting in automatic across-the-board cuts for all government agencies. This resulted in a $137.6 million cut for the Chapter 1 program.

Contrasting budget requests with final Congressional actions indicates the intentions of the two actors, the Administration and the Congress, with respect to Chapter 1 funding. As Exhibit 3 indicates, the Reagan Administration budget requests were lower than what Congress ultimately approved for five of the six years examined. The one exception, FY 1986, was the first year that Chapter 1 funding encountered the Gramm-Rudman budget cuts. The Administration consistently requested funding lower than the previous year's through FY 1983; particularly notable during this period is the

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[3]There were two FY 1981 requests submitted by President Carter. The difference between the two requests was a decrease in the concentration grant from $300,000,000 to $150,000,000.

$837 million decrease requested by the Reagan Administration for the program in FY 1983. This amount constituted an effort to reduce program funds by a third. Subsequently, the Administration has sought slight increases or matching levels over the previous year.

Chapter 1 budget actions during the years studied suggests several contextual factors important to the management of Chapter 1:

- A 10 year perspective from FY 1975 on shows that the Title I/Chapter 1 program budget has increased by 93 percent in actual dollars but decreased by 8 percent when measured in adjusted dollars. The years of major decline were FY 1980 through 1982.

- Appropriations during the 6 year period overall show growth in actual dollars (17 percent) but a loss in real dollars (9 percent); whether Chapter 1 gained or lost ground in a given year depends on the year in question.

- The Administration typically has sought fewer dollars for Chapter 1 than the Congress has awarded; the differences between amounts requested and dollars awarded range between $138 million and $1 billion depending on the year in question.

- With the exception of reductions resulting from Gramm-Rudman's impact, Chapter 1 funding in recent years shows more stability than the early years in the decade with the Administration and Congress showing closer agreement on funding levels and modest growth in term of real purchasing power of the dollars appropriated for the program.

FEDERAL DIRECTIVES INFLUENCING CHAPTER 1

Beyond budget considerations, several other major developments affected the federal climate surrounding Chapter 1 administration. This section describes some of the most significant of these developments. Subsequent portions of this report explain more fully the particular influence these developments had on Chapter 1.

(1) Creation of ED and the election of President Reagan.

The base year for this study, 1981, was one of many transitions for the office administering Title I and for ED as a whole. President Reagan, inaugurated in January 1981, was committed to reducing the size of the federal bureaucracy in general and the role of the federal government in education in particular; dismantling the newly created Department of Education was one of his campaign pledges. Nevertheless, one of the early activities of the new administration was to complete the organization of the

Department. Although major units had been established in 1980, it was not until April 1981 that the Office of Compensatory Education was organized.

President Reagan's election not only had consequences for a change in the leadership of ED and the federal government apparatus as a whole, it also signaled a significant shift in the philosophy of government involvement in domestic areas like education. Thus, a whole range of assumptions about administrative practice and legislative requirements were open to question, and the direction in which they were headed was initially somewhat unclear. The new administration's call to reduce the federal bureaucracy was likely to have clear implications for the staffing of offices administering large federal programs.

(2) The Passage of ECIA.

Directions for Chapter 1 and a number of other federal education programs changed with the passage of the Education Consolidation and Improvement Act in August of 1981. This omnibus legislation put together by the Congress through the budget reconciliation process was enacted to simplify federal education programs and reduce burdens on recipients of these programs. Chapter 1 of ECIA, which replaced Title I, contained the following statement of policy indicating that financial assistance would continue to be provided:

> "In a manner which will eliminate burdensome, unnecessary, and unproductive paperwork and free the schools of unnecessary Federal supervision, direction, and control... The Congress also finds that Federal assistance...will be more effective if education officials, principals, teachers, and supporting personnel are freed from overly prescriptive regulations and administrative burdens which are not necessary for fiscal accountability and make no contribution to the instructional program."

Chapter 2 of ECIA consolidated a large number of grant programs into a single formula-driven block grant program. While some of these programs previously were formula grant programs (e.g. ESEA Title IV), a number were discretionary awards. This consolidation and the changed nature of the federal role in these programs was to have major implications for changes in staff who were assigned to adminster these various programs within ED.

(3) Moves to Reduce and Reorganize the Federal Government.

Almost immediately after the passage of ECIA, plans were put into place to reorganize and reduce staff in the Department of Education through a reduction in force (RIF). It is virtually impossible to separate the passage of ECIA and new Administration thrusts to curb the size of the federal bureaucracy. The latter probably would have happened to some extent even without new legislation, but the passage of

both Chapters 1 and 2 of ECIA heavily influenced where the reductions occurred and provided justification for these staffing changes. In many respects, ECIA served as a catalyst for the direction ED took with respect to staff reductions.

Two major RIF's affected the federal administration of Chapter 1: one in 1982 (sometimes referred to as the '81 RIF because of the year in which it was announced), and a second in 1983. The 1982 RIF had the greatest effect on offices which were administering programs consolidated into the ECIA Chapter 2 block grant. For the office administering Title I, cut-backs were made in the program review staff reflecting a decision to reduce the level of state and local monitoring under Chapter 1. The 1983 RIF in ED was announced in the summer of 1983 and completed that September. The RIF was reportedly necessary because attrition had not sufficiently reduced staff to the level required by OMB. This second RIF abolished a total of 115 positions within three ED offices. Among reasons given by senior department officials for the elimination of 42 positions in OESE were the end of residual work related to programs consolidated into the Chapter 2 block grant, greater efficiency in administration, and less federal involvement in the operation of programs. Experience with the administration of Chapters 1 and 2 was said to have shown where additional cuts could be made.

All told, the ED staff administering the federal Chapter 1 program experienced two RIFs and four reorganizations between FY 1981 and FY 1986.[4] Moreover, throughout most of this period a hiring freeze was in force to ensure that ED did not exceed the overall staffing levels set by OMB and ED officials. Thus, staff were not only influenced by the immediate fact of the RIFs, they were also affected by attrition in the ranks and the shifts in staff assignments that went on many months after RIF decisions were announced.

(4) Programmatic Challenges Facing Chapter 1 and ED.

During the years examined, the federal management of Chapter 1 was also engulfed by at least two other events placing considerable pressure on staff resources within ED. The first of these was an effort beginning in 1983 to reduce the audit backlog across all programs within ED and to ensure enforcement of penalties against misspent funds. While this constituted an efficiency measure directed at recipients, it also constituted a counterpoint theme to the flexibility introduced by the ECIA legislation. The second event of major significance for federal Chapter 1

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[4]Reorganizations typically accompany the institution of RIF procedures; ED officials also reorganized twice in the absence of RIFs to improve operations.

administration was the Supreme Court's July 1985 ruling in the Aguilar v. Felton case, prohibiting the operation of Chapter 1 programs on church-owned school property. This decision interrupted long-term patterns of on-site compensatory education services to private school children in religiously affiliated schools, a hallmark of the original compromise that led to the 1965 passage of ESEA Title I. The Court's action prompted efforts within ED to assist school districts and states in finding legally permissible ways of serving these children. Thus, while measures such as ECIA Chapter 1 endorsed the concept of a simplified regulatory and administrative structure and provided justification for reducing ED's staff commitments to Chapter 1, other forces such as the Felton decision and OMB's/ED's audit/enforcement reforms added to the workload of program staff.

It should also be noted that the simplification attributed to ECIA Chapter 1 can easily be overstated at the federal level. Considerable confusion accompanied the implementation of Chapter 1. ED initially adopted a minimalist posture with respect to issuing program regulations but the regulations' restatements of the statute failed to satisfy state and local authorities who pressed for additional guidance. ED responded with the Non-Regulatory Guidance (NRG) that served the dual purpose of not constraining program recipients' choice of strategies but identifying ED's (including federal auditors') view of compliant program practices. The preparation of the NRG (a draft of which staff have currently revised) and additional regulations implementing the Technical Amendments to Chapter 1 which were passed in December, 1983, also need to be considered in examining the demands placed on federal program staff during the period of interest in this study.

(5) The Fate of Other Federal Compensatory Programs.

The management of Chapter 1 between FY 1981 and FY 1986 was also affected by the fate of two smaller federal programs providing supplemental educational services to disadvantaged students: the Migrant Chapter 1 program and the Follow Through program. For some time the migrant program has been a subject of controversy between Congress and ED with respect to its organizational placement and visibility. The Follow Through program continues to endure amidst a backdrop of continued struggle between those pressing for its elimination and those seeking support to maintain funds for recipient projects. Its funding level, though declining significantly over time, now amounts to approximately $7.1 million. Because of the shifting tide in debates about both programs, their administrative fate has interacted frequently with the federal organization of the Chapter 1 program office during the focal period of

this study. Since 1985 congressional legislation has required a separate Office of Migrant Education within ED, similar to the situation that prevailed between 1978 and 1983. Between 1983 and 1985, the management of the migrant program was housed within the office administering Chapter 1 and Follow Through. The same office that administers Chapter 1 continues to operate what remains of the Follow Through program, a situation that has prevailed since 1981.

III. STAFFING

Our inquiry into how ED has administered the Chapter 1 program between fiscal years 1981 and 1986 encompassed four questions:

1. What units within ED were involved in administering the program?
2. How many full-time staff performed these functions?
3. What functions did staff perform and how were they organized to perform them?
4. How adequate were these staffing arrangements?

This section reports our findings on each of these questions.

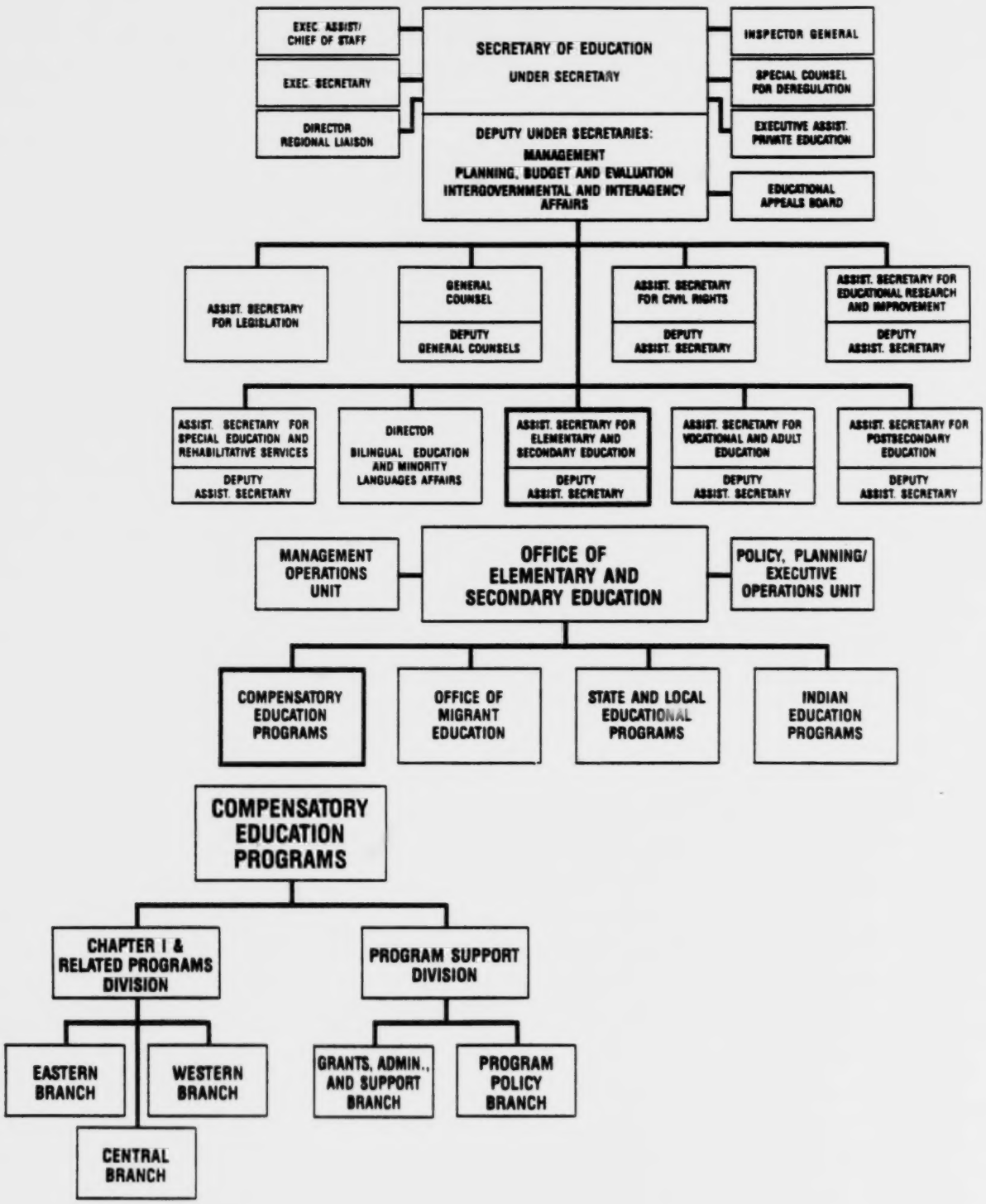
ED UNITS INVOLVED IN CHAPTER 1 ADMINISTRATION

At least seven entities within ED are involved in the administration of Chapter 1. We say "at least" because a few other units such as the Legislation Office and the Office of the Executive Assistant for Private Education are involved to a greater and lesser extent depending on the year of interest and the issues confronting ED. We find it useful to divide the entities into two groups--primary and secondary actors--based on the level of direct responsibility and contact they have with program recipients. The primary actors are those which actually bear some degree of oversight responsibility for the Chapter 1 program, and include the program office itself (currently designated as Compensatory Education Programs or CEP); the larger administrative unit housing the program office, the Office of Elementary and Secondary Education (OESE); the Office of General Counsel (OGC); and the Inspector General's Office (IG). The secondary actors are those which do not bear oversight responsibility but do provide information and support services. Secondary actors include the Office of Educational Research and Improvement (OERI); the Office of Management (OM); the Office of the Deputy Undersecretary for Intergovernmental and Interagency Affairs that provides administrative functions for the Education Appeals Board (EAB); the Office of the Executive Assistant for Private Education, and the Office of the Assistant Secretary for Legislation.

The organizational location of these units can be found in Exhibit 4. This exhibit presents successive enlargements of the current organizational structure of the major units involved in managing Chapter 1: ED, OESE, and finally, CEP.

Exhibit 4

DEPARTMENT OF EDUCATION



Because the roles played by CEP are examined in close detail in subsequent parts of this section, we do not include a separate description of them here. We do provide, however, brief descriptions of the roles played by the other offices mentioned and an estimate, where available, of the number of staff devoted to Chapter 1 functions.

Primary Actors

OESE. The Director of CEP meets frequently with the Assistant Secretary for Elementary and Secondary Education. Chapter 1 activities in which the Assistant Secretary is personally involved are policy issuance; court cases, appeals or complaints; all matters related to Congress; the review of grants and contracts; and the issuance of final audit determinations. In addition to Chapter 1, OESE also oversees the operation of the Migrant Education Program, Chapter 2 ECIA, Impact Aid, and the Indian Education Program. All programs administered by OESE are supported by the Management Operations Unit which is responsible for personnel management, including processing of new hires, promotions, and ratings. This unit also plans and implements the salaries and expense (S&E) budget for OESE.

The Policy Planning/Executive Operations Unit within OESE also supports all OESE programs. This unit approves all regulations affecting national education delivery systems and deals with various procedural matters. The unit collects information for Congressional hearings, handles the reauthorization of program budgets, and tracks each program's accomplishments in fulfilling the goals and objectives of the Secretary.

OPBE. The Office of Planning, Budget and Evaluation (OPBE) prepares the Chapter 1 program budgets, conducts evaluations of Chapter 1, and, jointly with the Chapter 1 program office oversees contracts for the Chapter 1 technical assistance centers (TACs). With the exception of the TACs, this office performs similar functions for all ED programs. OPBE also shares responsibility for CHIERS (Chapter 1 Evaluation and Reporting System) data with CEP. CHIERS forms are developed in CEP (with assistance from other ED units). CEP distributes the forms, receives them, and performs an initial analysis. OPBE conducts a more extensive analysis, explores changes indicated in the data, and prepares the annual report to Congress. Within OPBE, one person in the Office of Budget is assigned to Chapter 1 and an estimated 2.25 full-time equivalent (FTE) positions in the Planning and Evaluation Service work on Chapter 1 activities.

OGC. The Office of the General Council (OGC) reviews and approves regulations, non-regulatory guidance, and major policy interpretations. OGC also represents the Assistant Secretary for Elementary and Secondary Education in all final audit

determinations and any appeals before the Education Appeals Board. The OGC may revise letters which are drafted in response to questions from the states. Particularly during the past year, the OGC has cleared policy issues concerning Chapter 1 services to nonpublic school children. In federal court cases concerning Chapter 1, the OGC performs background work while the Justice Department defends the government. Respondents estimated that about four full-time staff positions in OGC work on Chapter 1. The actual number of staff involved is larger, however, because OGC attorneys work across a number of programmatic areas.

IG. The Inspector General (IG) performs audits of Chapter 1 programs through the ED regional offices, exercises quality control over non-federal audit efforts required under the Single Audit Act, and receives complaints regarding violations of the law and regulations. CEP prepares responses to the IG audit reports with input from the IG and OGC. Final audit determinations are issued from the OESE Assistant Secretary's Office. If a state disagrees with the final determination, it may appeal to the Education Appeals Board (EAB).

Secondary Actors

OERI. The Office of Educational Research and Improvement (OERI) is comprised of five offices, three of which conduct educational research and analytic tasks. The Center for Statistics, one office within OERI, provides calculations of Chapter 1 allocations and has conducted a survey of private school principals from which published estimates of private school students participating in Chapter 1 were derived. Effective practices are disseminated through the National Diffusion Network (also part of OERI) but it is difficult to separate those NDN activities that are specifically related to Chapter 1. The Office of Research includes the study team conducting the Congressionally mandated three-year study of Chapter 1.

The Executive Assistant for Private Education works closely with CEP, especially since the Felton decision. One person from this office accompanies CEP staff on Felton-related site visits that involve major issues.

OM. The Office of Management provides a variety of services to various ED offices including CEP. The Financial Management Service, housed in this office, is responsible for accounting, cash flow, and ED reports to the Department of the Treasury. The Personnel Resource Management Services processes personnel papers, classifies new positions, develops a list of eligible candidates for job openings, screens applicants, and handles labor relations and Office of Economic Opportunity complaints.

Staff training is provided by the Horace Mann Learning Center. This training is generic, and not geared to a particular program. Topics include the supervision of employees, retirement planning, stress management, and word processing. The Center conducts a needs assessment in each Assistant Secretary's office and provides training sessions for particular programs on request. For example, some CEP staff recently received training in conducting telephone interviews. Training in substantive areas is conducted by CEP staff.

The Office of the Assistant Secretary for Legislation is responsible for drafting new legislation and maintaining contact with Congress on all education issues. This office makes recommendations on ED policy proposals, and transmits these policies to Congress.

External Units in the Management of Chapter 1

It is also worth noting that several federal agencies outside of the Department of Education are involved in the administration of Chapter 1. Chapter 1 programs for Indian children on reservations are handled by the Bureau of Indian Affairs (BIA) in the Department of the Interior. BIA is treated by the Chapter 1 program office as though it were a state. Census data, used in the calculation of the Chapter 1 allocations, are provided by the Bureau of the Census. The Department of Health and Human Services provides Aid to Families with Dependent Children (AFDC) data which are also used in the allocation calculation.

Under Title I, the National Advisory Council on the Education of Disadvantaged Children, a 15 member council appointed by the president, was charged with overseeing the implementation of the program. Council members were charged with reviewing and evaluating the administration and operation of Title I and reporting findings and recommendations to the President and Congress on an annual basis. The National Advisory Council was abolished with the passage of Chapter 1.

STAFFING LEVELS

The CEP office is the entity with day to day responsibility for administering the Chapter 1 basic grants program. Under the current organization of this office, CEP also administers the Chapter 1 programs for neglected or delinquent (N or D) children and the Follow Through program authorized by the Economic Opportunity Act. CEP is headed by a Director who reports to the Assistant Secretary for Elementary and Secondary Education, who in turn reports to the Under Secretary and the Secretary.

The number of staff assigned to the CEP office from FY 1981 to FY 1986 is a function of the RIFs sustained by this unit, OMB-imposed staff ceilings the programs under CEP's jurisdiction at various points in time, and the organizational structure defining program operations at any given point in this period. CEP has been reorganized four times during the years encompassed by this study. The periods of different organizational structures are: (1) April 1981 - February 1982; (2) February 1982 - September 1983; (3) September 1983 - October 1985, and (4) October 1985 to the present. Two of these reorganizations resulting in new staff configurations accompanied the RIFs of 1982 and 1983.

Exhibit 5 provides a summary of changes in the numbers of staff across the four different organizational structures of CEP. The table is organized according to the function performed by various divisions; changes in division names are indicated by quotation marks. The following paragraphs provide a chronological summary of the changes in staffing levels across the four structures.

At the time that the Office of Compensatory Education was officially organized in April 1981, it employed a total staff of 95 full-time permanent staff. Twenty-two individuals worked exclusively on Follow Through and three were N or D specialists. Most of the remaining 70 staff members worked exclusively on the Title I basic grant program for LEAs.

By February 1982, CEP had dropped to a total of 75 permanent staff, a loss of 20 staff members. This was primarily due to the 1982 RIF. Most reductions occurred in the division conducting program reviews, where the staff was cut in half, from 33 to 16 positions. This reduction reflected a decision within OESE that the annual monitoring visits of all SEAs would be conducted less frequently. Two basic skills specialists were also cut from the Division of Program Development. At this time the Follow Through program had 20 positions and two specialists continued to work on N or D programs. Thus, as of the beginning of 1982, 53 staff members in CEP worked primarily on the basic grant program for LEAs.

By September 1983, as a consequence of the second RIF, the total number of permanent staff administering Chapter 1 (including the Chapter 1 Neglected or Delinquent and Follow Through programs) had declined by 17. The numbers are somewhat confusing in Exhibit 5 for this reorganization because the Migrant Education program was moved into CEP at this time. Thus, the total number of staff on board for CEP shows an increase of one position. However, if we exclude those 17 staff assigned to migrant education and the one migrant specialist position added to the

EXHIBIT 5

COMPENSATORY EDUCATION PROGRAMS
STAFFING LEVELS AND ORGANIZATIONAL HISTORY
Full-Time Permanent Positions
April 1981 - December 1986

	April 1981 - February 1982	February 1982 - September 1983	September 1983 - October 1985	October 1985 - December 1986
Office or Division				
Office of the Director	4	6	5	9
Grants, Policy and Administration	13	13	24 ("Program Support")	16
Program Development	23	20		
Program Review	33	16 ("Program Support")	30 ("Chapter 1 and Related Programs")	26
Follow Through	22	20		
Migrant Education	--	--	17	--
Total on Board	95	75	76 (Less Migrant Education = 58*)	51

* This number excludes Migrant Education Staff as well as one staff member in the Division of Program Support who worked on Migrant Education.

Division of Program Support, the total staff on board amounted to 58. However, not all of these employees worked full-time on the Chapter 1 basic grants program. At this time, the staff previously assigned to administer Follow Through were merged with Chapter 1 program review staff to create a new unit called "Chapter 1 and Related Programs." Officials, expecting Follow Through to end at this point, used this to justify the merger and the concomitant six position reduction. When all these complications are taken into account, the 1983 reorganization of CEP resulted in a net loss of 17 staff across the Chapter 1, N or D and Follow Through programs and a net gain of 18 staff from the addition of the Migrant Education Office.

By the time of the most recent 1985 reorganization, the CEP program reported an additional decline of seven permanent staff, most of which were secretarial positions. This reduction did not correspond with a RIF; its apparent purpose was to improve operations by realigning staff within the division. For example, two staff members from the Division of Program Support moved into positions in the Office of the Director to work on issues stemming from the Felton case.

To summarize, between FY 1981 and 1986, the number of staff in the CEP office dropped from a total of 95 to 51, a decrease of 46 percent. Due to an inability to separate staff working on the N or D and Follow Through programs across all years under investigation, it is not possible to determine change in the number of staff devoted exclusively to the Chapter 1 basic grants program. The Chapter 1 areas sustaining the greatest losses in staff numbers were program review and technical assistance (i.e., program support). In both areas reductions in staffing levels have corresponded with changes in administrative policies and practices. CEP shifted to biennial monitoring of SEAs and to a reduced fedeal role in providing national guidance by eliminating national experts in such areas as parent involvement and basic skills. These were viewed under ECIA Chapter 1 as more appropriately assigned to local decisionmakers. Other national specialists in areas such as needs assessment and selection of target areas were no longer viewed as necessary given fewer observed problems in these areas.

Employee Ceilings for Compensatory Education Programs

Staff ceilings limit the number of FTE staff on board throughout the fiscal year in which they are in effect. Department-wide, OMB-imposed staff ceilings are received by individuals in OPBE in January or February of each year through a formal notice referred to as an "allowance letter". OPBE distributes sub-allotments of available FTEs

to major offices within ED. Further, each major office provides internally generated ceilings to its component units; within OESE, the director of the Management Operations Unit calculates ceilings for CEP as well as the other three offices under the OESE umbrella.

Exhibit 6 presents CEP employee ceilings as of May of each fiscal year, 1981 - 1986 which we obtained from the Management Operations Unit of OESE. Internal ceilings generated at this level are subject to changes during the year (due to changes occurring throughout OESE), thus we chose to use the same month of each year whenever possible for purposes of comparison. In addition, we included in Exhibit 6 the total numbers of employees on board (a head count) as of the end of each fiscal year. Because of different reporting dates and adjustments for vacancies, the numbers of staff on board for each year in CEP as reported by OESE do not correspond exactly with those staffing levels reported in the CEP organization charts. To provide a comprehensive basis for assessing ED's ceilings, we have also included a column in Exhibit 6 that reports the figures of staff-on-board obtained from these charts. These latter figures in some respects are less precise since most organizations lasted more than one fiscal year.

As indicated in the Exhibit, the number of employees on board in CEP usually falls short of that specified in the ceiling. Again, the federal initiatives discussed earlier (ECIA, the hiring freezes and the two RIFs[1]) are primarily responsible. Many people left for one reason or another, and during these times of uncertainty as to the stability of positions little or no hiring was done to replace them. In fiscal year 1981 - 1983, the OESE and CEP figures for staff on board are particularly discrepant. We were unable to obtain a satisfactory explanation of these differences. Therefore, we urge that the reader focus on the broad trends in the data and not the year to year fluctuations.

The general trend across the data on staff ceilings is decline. This parallels the declines evident in staff-on-board irrespective of the data used as a comparison. In recent years it is also evident that there is both greater consistency across all three sets of numbers and a reduced gap between the staff ceiling and the number of staff occupying CEP positions.

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[1]A RIF is usually implemented as a last resort to achieve OMB-imposed ceilings.

EXHIBIT 6

Compensatory Education Programs

Comparison of Employee Ceilings with Employees on Board

Fiscal Year	Employee Ceiling (as of May of each year)*	Total Employees on Board (as of Sept. 30 of each year) from OESE	Total Full-Time Permanent Employees on Board Based on CEP Organization Charts
FY 1981	104	102	95
FY 1982	75	101	95
FY 1983	75	87	75
FY 1984	78	75	76
FY 1985	79	79	76
FY 1986	54	49	51

* The ceiling for FY 1983 is as of August; the ceiling as of May is unavailable.

FUNCTIONS AND ORGANIZATION OF CEP STAFF

The preceding discussion emphasizing staffing levels gives one glimpse of the four organizational structures that have characterized the Chapter 1 program office since FY 1981. This section offers a second, more indepth perspective on the organization of the CEP office across this time. We focus on these four organizational structures in order to examine how CEP functions have changed since the last year of Title I.

Based on our inquiries and analysis, the CEP office has performed four major functions since FY 1981 to the present. These four functions along with the activities included under each are listed below:

- Grants administration. Includes preparing budget materials and state allocation tables, and issuing grants.
- Program policy. Includes the development of regulations and program guidance (e.g., the NRG, program directives, etc.); the review of draft and final audit reports; the preparation of final letters of determination on audits; and the resolution of complaints.
- Program development. Includes providing technical assistance and information in areas of deficient compliance and national emphasis.
- Program review. Includes monitoring programs for compliance, responding to complaints, and investigating background on issues resulting in legal dispute in the courts.

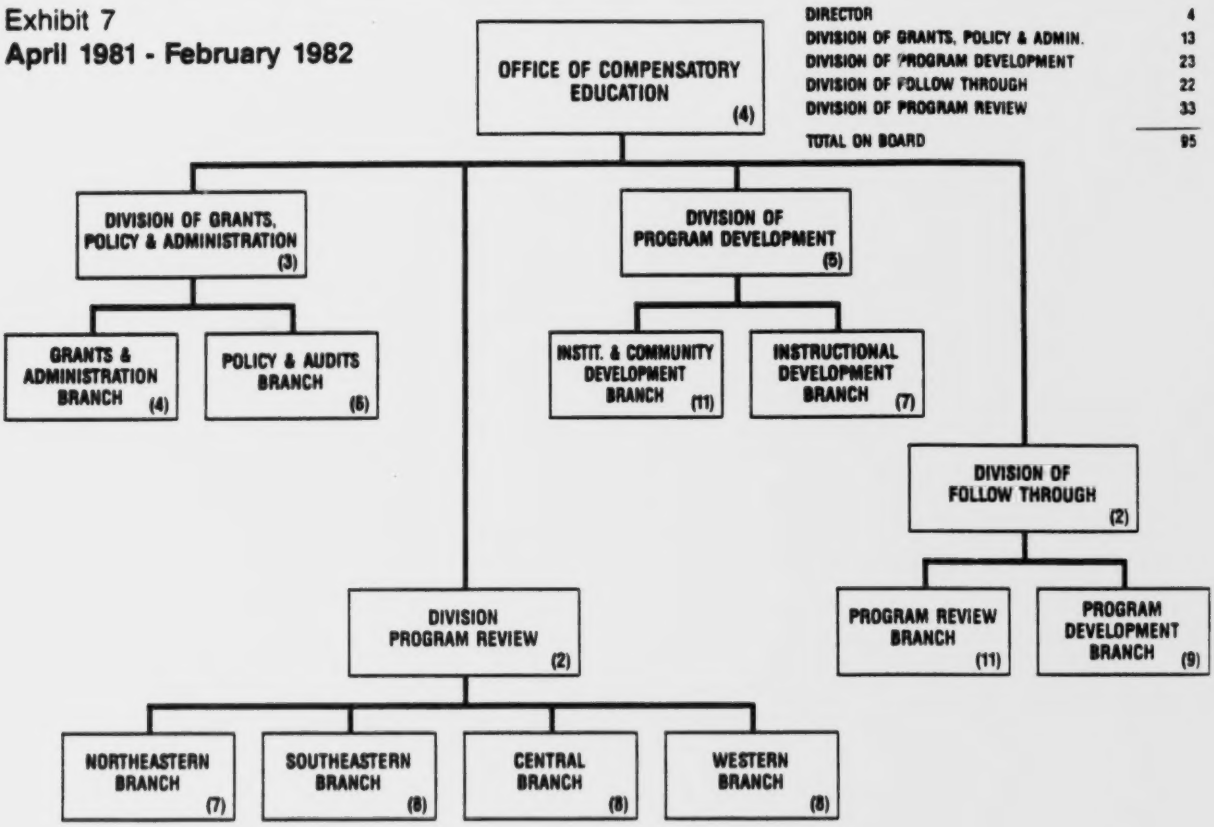
Our review of the four organizational configurations under which CEP has operated since FY 1981 reveals a reshuffling of these functions to meet changes in Chapter 1 policy and administrative practice, staffing levels, and shifting responsibility for the Migrant and Follow Through programs. Two major findings emerge from this review:

- the CEP functions shifting the most in direction involved program review and program development; and
- these two functions (program review and program development) underwent the greatest shift during the period of February 1982 through October 1985 when CEP was undergoing the two RIFs.

Exhibits 7-10 depict in chronological order the successive organization charts that resulted from each reorganization of the CEP office since FY 1981. Because the names of divisions and branches within CEP often become confused from one reorganization to the next, we caution the reader to take pains when attempting to match unit names with the functions performed by that unit. To avoid confusion, we recommend

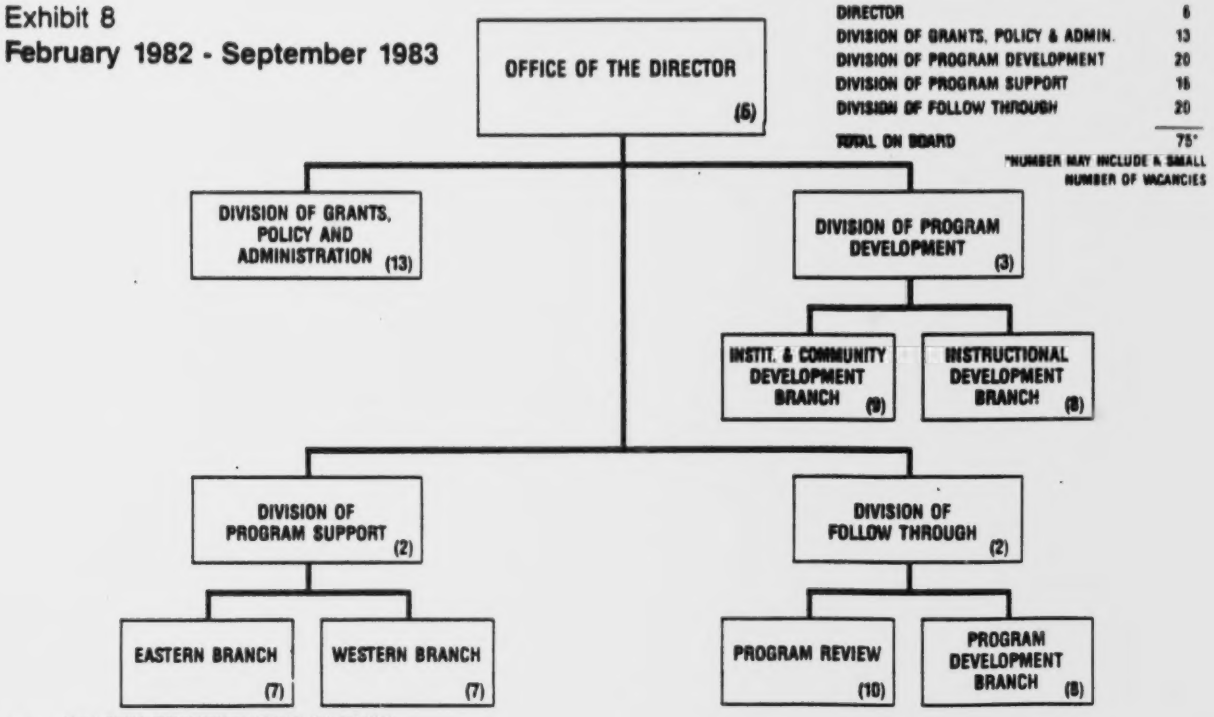
COMPENSATORY EDUCATION PROGRAMS
Organizational Chart

Exhibit 7
April 1981 - February 1982


OFFICE OF COMPENSATORY EDUCATION (4)
DIVISION OF GRANTS, POLICY & ADMINISTRATION (3)
GRANTS & ADMINISTRATION BRANCH (4)
POLICY & AUDITS BRANCH (6)
DIVISION OF PROGRAM DEVELOPMENT (5)
INSTIT. & COMMUNITY DEVELOPMENT BRANCH (11)
INSTRUCTIONAL DEVELOPMENT BRANCH (7)
DIVISION OF FOLLOW THROUGH (2)
PROGRAM REVIEW BRANCH (11)
PROGRAM DEVELOPMENT BRANCH (9)
DIVISION PROGRAM REVIEW (2)
NORTHEASTERN BRANCH (7)
SOUTHEASTERN BRANCH (8)
CENTRAL BRANCH (8)
WESTERN BRANCH (8)

DIRECTOR	4
DIVISION OF GRANTS, POLICY & ADMIN.	13
DIVISION OF PROGRAM DEVELOPMENT	23
DIVISION OF FOLLOW THROUGH	22
DIVISION OF PROGRAM REVIEW	33
TOTAL ON BOARD	95

Exhibit 8
February 1982 - September 1983


OFFICE OF THE DIRECTOR (5)
DIVISION OF GRANTS, POLICY AND ADMINISTRATION (13)
DIVISION OF PROGRAM DEVELOPMENT (3)
INSTIT. & COMMUNITY DEVELOPMENT BRANCH (9)
INSTRUCTIONAL DEVELOPMENT BRANCH (8)
DIVISION OF PROGRAM SUPPORT (2)
EASTERN BRANCH (7)
WESTERN BRANCH (7)
DIVISION OF FOLLOW THROUGH (2)
PROGRAM REVIEW (10)
PROGRAM DEVELOPMENT BRANCH (8)

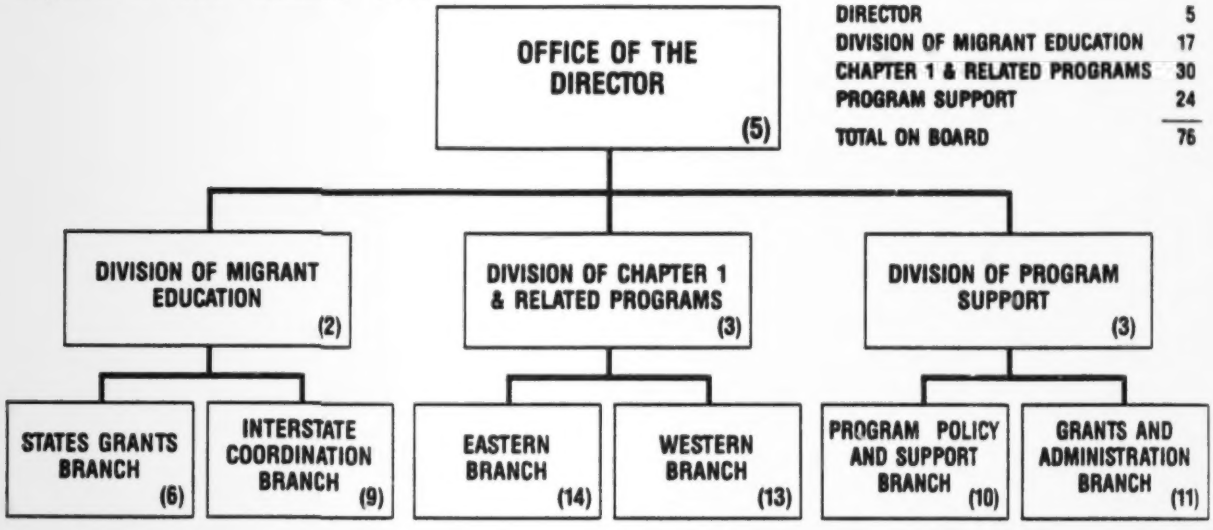
DIRECTOR	6
DIVISION OF GRANTS, POLICY & ADMIN.	13
DIVISION OF PROGRAM DEVELOPMENT	20
DIVISION OF PROGRAM SUPPORT	16
DIVISION OF FOLLOW THROUGH	20
TOTAL ON BOARD	75*

*NUMBER MAY INCLUDE A SMALL NUMBER OF VACANCIES

( ) — FULL-TIME PERMANENT STAFF ON BOARD

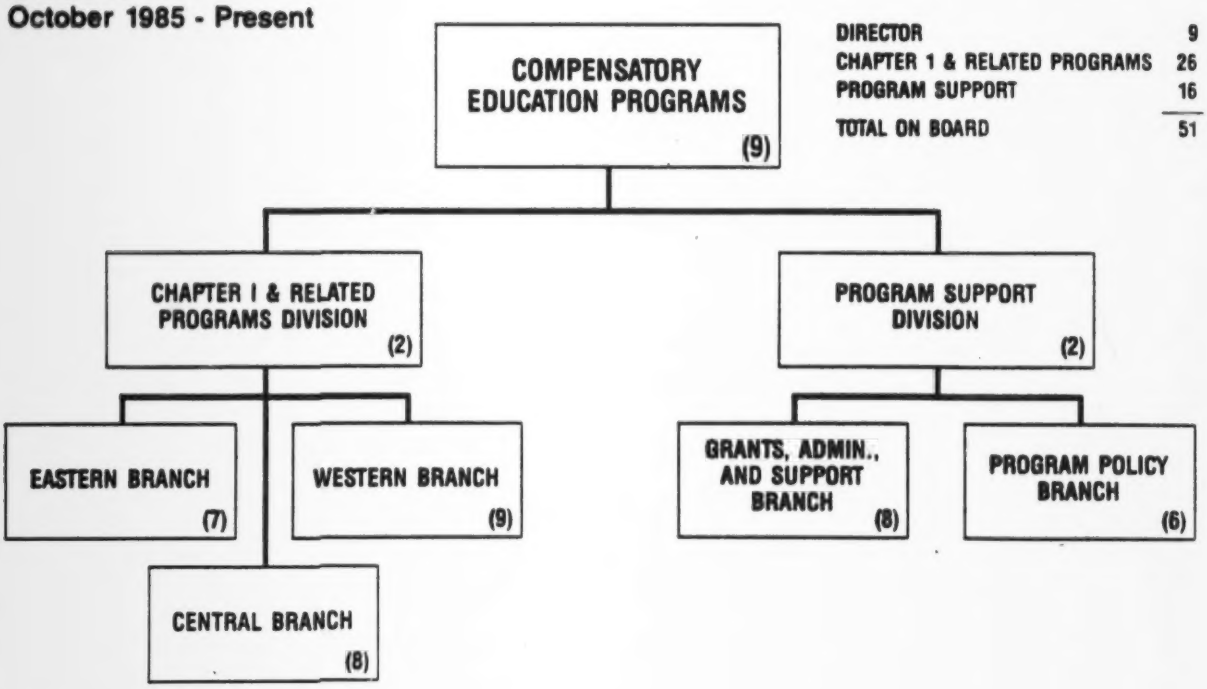
COMPENSATORY EDUCATION PROGRAMS
Organizational Chart

Exhibit 9
September 1983 - October 1985


OFFICE OF THE DIRECTOR (5)
DIVISION OF MIGRANT EDUCATION (2)
DIVISION OF CHAPTER 1 & RELATED PROGRAMS (3)
DIVISION OF PROGRAM SUPPORT (3)
STATES GRANTS BRANCH (6)
INTERSTATE COORDINATION BRANCH (9)
EASTERN BRANCH (14)
WESTERN BRANCH (13)
PROGRAM POLICY AND SUPPORT BRANCH (10)
GRANTS AND ADMINISTRATION BRANCH (11)

DIRECTOR	5
DIVISION OF MIGRANT EDUCATION	17
CHAPTER 1 & RELATED PROGRAMS	30
PROGRAM SUPPORT	24
TOTAL ON BOARD	76

Exhibit 10
October 1985 - Present


COMPENSATORY EDUCATION PROGRAMS (9)
CHAPTER I & RELATED PROGRAMS DIVISION (2)
PROGRAM SUPPORT DIVISION (2)
EASTERN BRANCH (7)
WESTERN BRANCH (9)
CENTRAL BRANCH (8)
GRANTS, ADMIN., AND SUPPORT BRANCH (8)
PROGRAM POLICY BRANCH (6)

DIRECTOR	9
CHAPTER 1 & RELATED PROGRAMS	26
PROGRAM SUPPORT	16
TOTAL ON BOARD	51

( ) — FULL-TIME PERMANENT STAFF ON BOARD

referring to the exhibits primarily for illustrative purposes and relying on the textual discussion of the major changes brought about in each reorganization.

A few overall trends are apparent from Exhibits 7-10. As might be expected, as the number of staff has decreased across the period examined, so has the number of divisions and branches within CEP. It is also clear from an inspection of the exhibits that the administration of Chapter 1 within CEP has been entwined on and off with that of Migrant Education and what remains of the Follow Through program. Through the first two organizations, Follow Through constituted a separate division within CEP. Finally in September 1983, the staff overseeing the Follow Through Program were merged into the CEP staff performing program review functions for Chapter 1 as a consequence of the anticipated elimination of Follow Through. A separate unit within OESE from 1978 until 1983, the Migrant Education Program was once again constituted as a division within CEP as part of the 1983 reorganization. Finally, a close inspection of the four exhibits aided by consideration of the highlights we list below shows that by September 1983 CEP officials had clustered the three functions of grants administration, program policy, and program development into one division. The remaining CEP division (other than the Migrant program which through legislation was once again made a principal operating unit separate from CEP in 1985) focused on program review functions.

Highlights of the major changes produced by each reorganization of CEP are presented below.

(1) Baseline Period: April 1981 - February 1982 (Exhibit 7)

- four divisions comprise CEP: one devoted to Follow Through, one to program review, one to program development, and one to grants administration and policy.

- the program review division includes 33 permanent staff divided into four branches: northeast, southeast, central, and west.

- sixteen specialists or "national experts" comprise the program development function (a separate division at this time):

  3 in parent involvement
  3 in non-public school programs
  3 in neglected or delinquent
  2 in basic skills
  2 in dissemination
  1 in evaluation

1 in selection of target areas
1 in needs assessment

(2) First RIF Reorganization: February 1982 - September 1983 (Exhibit 8)

- previous divisions remain intact.

- the program review (monitoring) division drops to 16 people (from 33) and to two branches: east and west; its name changes to "program support."

- two basic skills specialists are eliminated from the program development division.

(3) Second RIF: September 1983 - October 1985 (Exhibit 9)

- divisions are restructured: Follow Through dropped from division status; migrant programs added as a division; a division of "Chapter 1 and Related Programs" now includes program review functions and what remains of Follow Through; and grants administration, policy, and program development functions are merged into one division.

- staff in the division performing program review are spread across Chapter 1, N or D, and Follow Through with no one full-time on any one program.

- several program development specialists eliminated in a range of areas: needs assessment, parent involvement, selection of target areas, neglected or delinquent, and nonpublic programs.

- at least one program development specialist retained in each of the following areas: nonpublic school programs, evaluation, dissemination, and neglected or delinquent; three new specialists added for migrant programs, Follow Through, and program improvement.

- some positions of program development specialists are downgraded.

(4) Current Organization: October 1985 - Present (Exhibit 10)

- two divisions retained; separate Migrant Program unit created outside CEP.

- an additional branch ("central") created within the program review area (Division of Chapter 1 and Related Programs); the eastern, western, and central branches comprise 26 staff who continue to oversee Follow

Through projects and review N or D programs in addition to Chapter 1.

- two full-time equivalent staff positions added to the Director's Office as specialists on nonpublic school programs.

The changes in the program review functions performed by CEP are clearly evident in these highlights. The number of staff assigned to this function in CEP was reduced appreciably from 33 staff in April of 1981 to approximately 26 currently. The figure of 26 understates the reduction for the Chapter 1 basic state grants program since these staff also cover Follow Through, which previously had staff in a separate division. A sample of staff within the division currently performing the program review function, the Chapter 1 and Related Programs Division, and also responsible for what remains of Follow Through, estimated the total amount of time spent on Follow Through for the division as a whole as ranges from 8 to 35 percent. A senior level CEP administrator estimated the average amount of time spent on Follow Through for the division as a whole to be about 10 percent. The change in the program development function within CEP is somewhat more ambiguous. Several program development specialist positions were eliminated by the second RIF in 1983 covering the areas of parent involvement, needs assessment, target area selection, N or D, and dissemination. Again, the organizational status of the Migrant and Follow Through programs complicates the numbers. Overall we estimate that a total of eight specialist positions were eliminated since 1981, leaving approximately five currently assigned to the Chapter 1 basic grants program (i.e., excluding Follow Through and N or D). Those that remain reflect some of the new priorities adopted by CEP--program improvement and Chapter 1 programs for students attending nonpublic schools--as well as the enduring issues of evaluation and dissemination.

THE ADEQUACY OF CHAPTER 1 STAFFING ARRANGEMENTS

The task of making assessments of the adequacy or quality of staffing levels and functions since FY 1981 in the management of Chapter 1 is fraught with problems. Ultimately, the only valid measures of adequacy are the quality and timeliness of specified outputs such as program reviews, audit determinations, complaints handled and

resolved, and guidance.[2] Given limited time and resources, we decided to assemble a cluster of indicators that might illuminate though not completely answer the question of how adequate ED's performance has been with respect to staffing the Chapter 1 program. Three sets of indicators are presented in this part: staff characteristics (grade levels, years with the program, and reports of morale), comparisons with staffing levels of other comparable ED grants programs, and opinions about the adequacy of staff.

Staff Characteristics

One indicator of the qualifications of staff is the amount of experience with and knowledge of the Title I/Chapter 1 program. We discovered that about half (or 25 of 51) of the current CEP staff worked in the CEP program office in 1981, although not all of them have worked there continuously. Some staff moved to other OESE offices during the RIFs but have since returned to CEP. With respect to experience, the impact of the RIFs clearly centered on staff members with less tenure. We were told by respondents that most of the new staff hired by the Title I program office in 1977 and 1978 no longer work there.

Thus, as a result of the two RIFs, CEP no longer benefits from the contributions of some individuals with a great deal of Title I/Chapter 1 experience. However, the fact that half of the staff have some experience back to 1981 speaks favorably about a base of institutionalized knowledge within the program. Making judgments about the appropriate balance of old and new staff is a tricky matter. As one respondent in CEP who has worked with Title I/Chapter 1 for several years noted "new blood" can bring with it enthusiasm and dedication, while older staff can become cynical and inflexible. Unfortunately, we have no data against which to contrast the staff turnover experienced in the fiscal years noted. For example, we do not know how many staff in FY 1981 had previous years of experience with Title I. Thus, while CEP clearly has experienced turnover, there is no way to document whether it is out of line with past experience.

Another possible measure of staff quality (while many valid arguments exist against its use), is the grade level of staff employed by CEP. A comparison of the

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[2]The reader is advised to consult other studies commissioned by the National Assessment of Chapter 1 to gain insight from various perspectives on the quality of work performed by federal Chapter 1 staff. These studies include the administration study conducted by Farrar, Millsap, et al., and the three other substudies of federal management focused on program improvement, compliance/oversight, and the legal framework.

number of CEP positions at each grade from April 1981 to April 1986 appears in Exhibit 11. The GS 9 level was most affected by the RIFs in terms of decreases in the number of staff and the percentage of CEP staff represented by this grade level. Exhibit 11 indicates that as of April 1986, a higher percentage of total CEP staff are in grades 12 through 15 than was the case in April 1981. As of April 1986, 75 percent of total staff are rated in grades 12 through 15; only 59 percent of staff were rated so in April 1981. In short, CEP is more heavily dominated by staff in senior level grades than was the case in the last year of Title I. Once again, it is difficult to judge the positive or negative nature of this situation.

A third indicator of staff quality is staff morale, assuming that high morale is associated with higher quality work. Invariably morale is a casualty during RIFs, an occurrence supported by the Grace Commission Report, which is discussed more thoroughly in the earlier section reviewing relevant studies on Title I/Chapter 1. For example, staff are able to exert bumping and seniority rights within a defined unit. For both RIFs affecting CEP, the defined unit was the entire Office of Elementary and Secondary Education. Thus, to continue employment some CEP staff went to other parts of OESE, and personnel from other OESE offices were reassigned to CEP. Downgrading, in which a person receives a lower GS level, was a major factor in the 1983 RIF, particularly for the program specialist or national experts. During a RIF, staff are also generally allowed to take early retirement and others leave voluntarily because of uncertainty about their jobs. These morale problems are only heightened when hiring freezes are in force as they were for most of the time between FY 1981 and FY 1986. Given these factors, we suspect that staff morale within CEP must have suffered to some extent during the period studied. Several respondents with whom we spoke mentioned the negative effects on morale stemming from the two RIFs; they especially cited the loss of several new staff members added in 1977. We did not, however, hear comments about recent morale problems.

Comparison of the Federal Staffing for Chapter 1 with that of Other Large ED Basic Grants Programs

Comparing the federal administrative staff for Chapter 1 with the staffing of other large ED state grant programs offers another way to view the adequacy of Chapter 1 staffing levels. Making these comparisons is complicated by the fact that all the offices involved administer more than one program. For example, although the primary activity of CEP is the administration of Chapter 1 LEA grants, the office also administers N or D, Chapter 1 state administration grants, and Follow Through. Since

EXHIBIT 11

Comparison of the Number of CEP Positions by Grade Level

April 1981 to April 1986

	April 1981		April 1986	
Grade	# Staff	% Total CEP Staff	# Staff	% Total CEP Staff
SES[1]	1	1	1	2
15	3	3	4	8
14	12	13	6	12
13	17	18	12	24
12	24	25	16	31
11	3	3		
10				
9	14	15	2	4
8				
7	2	2	1	2
6	8	8	3	6
5	4	4	4	8
4	3	3	2	4
3	3	3		
2	1	1		
1	—	—	—	—
Total	95	99[2]	51	101[3]

1/ Senior Executive Service.
2/ Percent does not equal 100 due to rounding.
3/ Percent does not equal 100 due to rounding.

only very rough estimates of staff time on these other programs are available, we decided to include all staff working on all programs administered through this office in the comparison; the same applies to other programs chosen for comparison.[3] While the programs chosen for comparison are comparable ED formula grant programs, these comparisons are also complicated to some degree by the programs' differing administrative styles. To make comparisons across programs, we calculated an index of program dollars handled per staff member in the offices administering basic grants programs for:

1. Compensatory education;
2. Chapter 2 State block grants.
3. Handicapped state grants; and
4. Vocational education.

Exhibit 12 indicates that in FY 1985 the Chapter 1 program managed a higher ratio of dollars per employee than did the Handicapped or Vocational Education programs, but this ratio was lower than that of the Chapter 2 block grant program. The relative position of these programs in terms of this index has not shifted since the comparison year of FY 1981, however, the amounts handled per employee have changed. The funds (in adjusted dollars) handled per employee in the Chapter 1 office increased 63 percent since FY 1981 to $49.6 million; a similar percentage increase occurred in the handicapped program office (58%) with adjusted dollars per employee amounting to $20.3 million. The Vocational Education program showed the greatest increase over FY 1981 with the ratio increasing by 119 percent.

The patterns shown in Exhibit 12 are primarily a function of staff reductions in all the offices noted. As previously noted, while actual funding levels have increased since 1981, when adjustments for inflation are applied the funding picture remains

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[3]For each comparison program, we included all program authorities that distribute funds to states on a formula basis.

EXHIBIT 12

Comparison of Chapter 1 Staff Size and Program Dollars Handled with that of Other Large ED Basic Grants Programs - In Real and Adjusted* 1981 Dollars
FY 1981 and FY 1985

	FY 1981			FY 1985			
	Program Dollars (final appropriation)	Employee Years[a]	Dollars/ Employee Year	Program Dollars (final appropriation)	Employee Years	Dollars/ Employee Year	Percent Change in in Dollars/ Employee Year
Title I/Chapter 1 includes:							
Basic Grants to LEAs;	$2,611,386,972			$3,200,000,000			
State Administration;	33,930,000			35,607,000			
Neglected or Delinquent;	33,975,000			32,616,000			
Follow Through	26,250,000			10,000,000			
Total	$2,705,541,972	89	$30,399,348	$3,278,223,000	53	$61,853,264	103%
				($2,626,730,770)		($49,560,958)	(63%)
Education Block Grant (Chapter 2)	NA[b]	NA		$ 500,000,000	6		
Total	NA	NA	NA	$ 500,000,000	6	$83,333,333	NA
				($ 400,633,326)		($66,772,221)	(NA)
Handicapped State Grants includes: (Education of the Handicapped Act, Part B);	$ 874,500,000			$1,135,145,000			
Preschool Incentive, Part B, Section 6	25,000,000			29,000,000			
Total	$ 899,500,000	70	$12,850,000	$1,164,145,000	46	$25,307,500	+97%
				($ 932,790,567)		($20,278,056)	(58%)
Vocational Education includes:							
Basic State Grants (Part A, Subpart 2);	$ 518,139,000			$ 782,530,000			
Consumer and Homemaking (Part A, Section 5)	30,347,000			31,633,000			
Program Improvement and Supportive Services (Part A, Subpart 3)[c]	93,323,000			NA		NA	
Total	$ 641,809,000	71	$ 9,039,563	$ 814,136,000	33	$24,670,788	173%
				$ 652,340,028)		($19,767,880)	(119%

* Adjusted dollars are indicated by ( ).

a/ A metric used for reporting to the Bureau of Labor Statistics. One employee year = 2,080 paid hours. This information is collected near the end of a calendar year, therefore numbers of staff presented here will differ from those reported elsewhere in this report.

b/ Not applicable.

c/ This program no longer existed as of FY 1985, when new vocational education legislation became effective. Reportedly the monies that once funded this program are currently subsumed by the Basic Grants Program.

relatively constant. Thus, the drop in employee years[4] is the most significant factor in explaining the increases for the ED programs investigated.

Exhibit 12 demonstrates that ED formula grant programs comparable to Chapter 1 experienced similar reductions in staffing levels between FY 1981 and FY 1985. The Chapter 1 program does not appear to have borne a disproportionate share of cuts through RIFs and attrition. On the other hand, Chapter 1 program dollars per staff ratio has dramatically increased and Chapter 1 staff administer almost $30 million more, on average, than do the vocational or handicapped education program staff. At least two conclusions are possible. One is that CEP with a higher ratio is understaffed; this was the conclusion reached by Reisner (1980) in an earlier comparison. The alternative view is that a high dollars per staff ratio represents efficiency in administration, a perspective espoused by the Grace Commission in the Private Sector Survey on Cost Control (1983).

Perceptions of the Adequacy of Chapter 1 Staffing

As part of our interviews within CEP and the Office of the Assistant Secretary for Elementary and Secondary Education, we routinely asked respondents to comment on whether they currently found staffing levels, qualifications, and performance adequate. The more senior level staff in these units all reported that CEP currently employed an adequate number of staff. These senior staff members indicated that the shift to biennial program reviews[5] was desirable and somewhat overdue. They concurred in the view that it was unnecessary to continue visits to all SEAs every year, given the level of knowledge about requirements. They also noted the reduction in time it now takes to provide SEAs the results of program reviews; previously it could take as long as 6 months and now it averages around a month.

A look at responses from staff actually conducting program reviews, however, provides a different perspective on whether staffing levels are adequate. All program review personnel we interviewed thought that the review teams should be expanded.

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[4]The employee years used in Exhibit 12 do not correspond exactly to the CEP staffing levels discussed earlier in this section. We have been told that the reasons for the differences relate to the definitions used in measuring employee years and the time at which the data were gathered.

[5]Information on program reviews is a major focus of a companion study of federal administration of Chapter 1 entitled Federal Compliance Efforts Under Chapter 1, ECIA (in process).

They observed that the number of people on a review team has declined from an average of four under Title I to two under Chapter 1. There was less consensus about whether the actual conduct of program reviews themselves has changed. Some claimed they had remained quite similar while other respondents stated that certain areas such as parent involvement are not reviewed in as great a depth as under Title I. These observations may be a reflection of the inadequacy of staffing but could also reflect the changes brought about in the statute by Chapter 1. As one staff member suggested, "Program reviews under Chapter 1 are not as rigorous as they were under Title I because there is not as much in the statute and regulations to monitor." Similarly, mixed opinions emerged from our interviews with program review staff with respect to the task of complaint resolution with some respondents reporting less intensity in pursuing complaints under Chapter 1 and others viewing the situation as comparable.

All of our interview responses indicated that current CEP personnel exhibited a wide range of experience and backgrounds, and that their collective strengths and weaknesses were in approximately the same proportion as under Title I. Several respondents offered the view that in many respects CEP operations were conducted more efficiently now than before. Given these responses, we cannot conclude that current CEP staffing levels and qualifications are inadequate. We also refrain from reaching the conclusion that the current situation is completely desirable. Ultimately this is a subjective judgment that needs to be informed by a thorough assessment of performance and best practice from the point of view of state and local recipients and other concerned parties.

IV. FINANCIAL SUPPORT FOR THE MANAGEMENT OF CHAPTER 1

Previous sections of this report described the levels of staff administering the Chapter 1 program and their organization across the period of years selected in this study. These levels result from annual determinations by the department, Administration, and Congress about ED's revenues for securing the services of staff and supporting their job-related expenses. The focus of this section is the share of the department's salaries and expenses (S&E) budget that is devoted to Chapter 1 administration. To understand the S&E budget for Chapter 1, it is useful to begin with an overview of the S&E budget process and its components.

THE S&E BUDGET

Overview

The ED S&E budget request covers funds for employee compensation and benefits as well as for discretionary administrative expenses such as office supplies or employee travel for site work or seminars. The request also specifies the need for "total compensable work years" which is the sum of the full-time equivalent (FTE) of full-time permanent positions and the FTE of all other positions.[1] (One FTE is equivalent to 260 work days regardless of the status of the staff member.) The end result for staffing purposes is an OMB-imposed ceiling on the number of FTEs allowed for the entire Department of Education. Ceilings are received by individuals in OPBE in January or February of each year in the form of a formal notice referred to as an "allowance letter." OPBE bears responsibility for distributing sub-allotments of FTEs available within each of the offices for which separate justification is provided in the ED S&E budget. The ED S&E budget contains justification for requests for 13 separate offices, one of which is the Office of Elementary and Secondary Education, the umbrella Office for CEP.[2] The ED S&E budget is not program specific and CEP does

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[1]Prior to FY 1983, the S&E budget focused on a simple headcounts of employees rather than on FTEs. The switch was reportedly motivated by the need to prevent abuses of OMB-imposed ceilings. For example, when simple headcounts were used, offices could relieve all temporary and part-time employees just prior to the end of the fiscal year, and still adhere to ceiling requirements.

[2]Justification for the OESE request presented to Congress for FY 1987 is included as Appendix D.

not have a formal administrative budget.[3] In addition to CEP, OESE houses the Office of Migrant Education, State and Local Educational Programs, and Indian Education Programs. As a result, any staffing and administrative budget decisions regarding CEP and the Chapter 1 program are combined with decisions based on demands from these other programs. While this arrangement provides Senior OESE administrators with flexibility to meet changing needs within OESE, it also means that major changes in other programs housed within OESE can affect CEP.

The Assistant Secretary for Elementary and Secondary Education makes final decisions regarding the distribution of staff (FTEs) and discretionary money allowed OESE. Each of the directors of the four major offices contained in OESE meet officially with the Assistant Secretary once every two weeks, providing information about program activities and needs. Additionally, these persons meet as a group once a week. When a position becomes vacant within OESE, for example, the Assistant Secretary must decide which of the four major OESE offices may hire someone to fill that position. The director of the Management Operations Unit of OESE provides the Assistant Secretary with information on the availability of vacant positions and expense money. The director of this unit is responsible for monitoring ceiling allowances as well as the entire OESE S&E account. Administrative expenditures are accounted for using a Common Accounting Number (CAN) system. A CAN number is assigned for each division within the four OESE offices; thus it is possible to extract administrative expenditures for divisions within CEP.

The data displayed in this section of the report were obtained from the Management Operations Unit of OESE. Because there exists no formal S&E budget for CEP or the other units comprising OESE, we needed to devise another method to obtain a picture of departmental allocations specifically for the purpose of managing Chapter 1. We chose to rely on the expenditures reported by CEP through the CAN system. This approach still failed to solve the problem of separating expenditures for Follow Through or Migrant education, but it did offer information where otherwise there would be none. We found irregularities in several of the CAN figures which are difficult to reconcile with other measures of program operations. The reader therefore

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[3]Prior to FY 1985, the ED S&E budget was presented using only four categories: The Office of Civil Rights, Office of the Inspector General, Program Administration (this included administrative expenses for all combined umbrella offices of ED programs) and Executive Director. Further delineations were created to provide Congress with stronger justification for administrative expenses, thereby avoiding indiscriminate budget cuts.

is cautioned to rely on these numbers as approximations of true expenditures. The use of these figures should be used only to provide a broad gauge of the levels of spending of CEP during the period of interest.

S&E Expenditures for Compensatory Education Programs

Exhibit 13 presents S&E expenditures for CEP in real and adjusted 1981 dollars, for fiscal years 1981 - 1986, as well as the yearly percent change in expenditures. These expenditures include administrative funds for more than just the Chapter 1 basic grants program. For FY 1981 - FY 1983 as well as FY 1986, S&E expenditures include those for Follow Through as well as for Chapter 1 basic grants; for FY 1984 - FY 1985, expenditures represent those for Migrant Education as well as for Chapter 1 basic grants. This reporting system reflects changes in the organizational structure of CEP, as discussed previously in this report.

As Exhibit 13 indicates, administrative expenditures have declined 16 percent between FY 1981 and the present. An even greater decline is apparent (35 percent) when dollars are adjusted for inflation. There are a number of reasons for the overall decline, which we discuss below.

Because the bulk of S&E monies are expended on employee salaries, RIFs are likely to have a pronounced effect on expenditures. The net impact of RIFs, however, may take some time to show up in accounts due to the timing of the RIF, the actual departure of staff, the added expense of severance pay, voluntary retirements and other factors. The staff who remain after imposition of a RIF tend to hold higher salaries as a result of their seniority, further decreasing the savings in expenditures one might otherwise expect.

Overall the data presented in Exhibit 13 appear to be consistent with these interpretations. Across the years examined, expenditures do drop noticeably. Within years, however, a few anomalous patterns emerge. The 21 percent increase in adjusted expenditure levels for FY 1984, for example, is striking given the reduction one might expect from the 1983 RIF. While the migrant education office was merged with CEP during this period, data obtained from the CEP office show that the loss in Chapter 1 positions offset this gain in positions for CEP as a whole. Checks with OESE about this number indicated that they also regard it as anomalous and possibly erroneous.

Travel funds, while significant in permitting or restricting program operations such as monitoring visits, are dwarfed in the S&E budget by funds for salary compensation. The expenditure data from OESE do not easily allow separation of

EXHIBIT 13

Compensatory Education Programs[a/]
Salaries and Expense Expenditures
in Real and Adjusted 1981 Dollars
FY 1981 - FY 1986

Actual Dollars			Adjusted Dollars[b/]		
Fiscal Year	Dollars	% Change	Fiscal Year	Dollars	% Change
1981	$3,104,012		1981	$3,104,012	-20%
1982	$3,191,363	3%	1982	$2,974,876	-4%
1983	$2,560,802	-20%	1983	$2,265,634	-24%
1984	$3,246,453	27%	1984	$2,740,735	21%
1985	$3,428,738	6%	1985	$2,747,333	0%
1986	$2,601,852	-24%	1986	$2,008,457	-27%
% Change FY 1981 - FY 1986			% Change FY 1981 - FY 1986		
-16%			-35%		

a/ Figures for FY 1981 - FY 1983 and FY 1986 include administrative funds for follow through. Figures for FY 1984 - FY 1985 include administrative funds for Migrant Education.

b/ Figures are adjusted for inflation using 1981 as the base year (1981 = 100). The state and local government deflator (one of the Implicit Price Deflators for the Gross National Product) for all quarters of the fiscal year (the last quarter of the previous year through the third quarter of the current year) were used to calculate an average fiscal year deflator.

travel funds from salaries. As a result our information about CEP's access to travel funds is anecdotal. As a general rule, OESE's first concern is to keep people employed. Therefore, when S&E money is tightly budgeted, travel is an area that receives cuts. In recent years, OESE has established priorities for travel, which are those related to the Felton decision, disaster assistance, court hearings, and monitoring. In FY 1986, OESE set aside $30,000 for Felton-related travel to provide guidance and investigate complaints. This past summer expense monies were reportedly tight and CEP conducted some desk reviews rather than on-site visits. Toward the end of the fiscal year, however, more travel money became available and CEP staff made additional monitoring visits.

To summarize there are few surprises in the overall patterns presented in this chapter. Consistent with the previously documented reductions in CEP staffing levels is the decline observed here in CEP expendiures for salaries and expenses. Differences from year to year in how these data are collected argue against efforts to draw conclusions about year to year fluctuations. Generally speaking, we have more confidence in their overtime reliability than in year to year changes. Perhaps the finding that stands out from this effort to analyze the program's S&E budget are the impediments to doing so. It should be reiterated here that expenditure data reported are the only data available for estimating CEP's actual S&E funds. With respect to S&E revenues, CEP emerges as a clear subentity of OESE, which for purposes of suballocation of the budget occupies the driver's seat.

V. SUMMARY OF FINDINGS

The Federal administration of the Chapter 1 program has undergone considerable change since FY 1981, especially with respect to staffing levels and functions. While the legislation that created Chapters 1 and 2 of the ECIA was a major factor influencing the decisions of ED policymakers in this area, it was not the only factor. At the time ECIA was drafted, other initiatives such as plans for reduced personnel ceilings, RIFs, and special commissioned reports to identify cost saving steps which would reduce the size of the federal government were in the making. The combination of these forces produced the four major findings that are briefly summarized in this section.

(1) The number of staff assigned to administer the Chapter 1 program declined dramatically from FY 1981 to FY 1986, as did federal S & E expenditures and personnel ceilings for the program. Compensatory Education Programs (CEP) staff who administer the Chapter 1 program were reduced by 46 percent between the years of interest in this study. Two successive RIFs in 1982 and 1983 were the primary means by which these reductions took place, although hiring freezes resulting in reduction by attrition were also instrumental. As would be expected, federal expenditures for CEP and ED's personnel ceilings for the program also show a decline in this period of time. Noteworthy, however, is the inability to determine the exact level of salary and expense resources available to CEP to administer the Chapter 1 basic grants program; differences from year to year in how the accounting data are collected rendered the task of tracking these expenditures impossible. Since Congress' appropriations for the program did not drop over the years in question (although in terms of real purchasing power the program budget did experience a 9 percent reduction), CEP staff decreases were not justified by a declining federal budget; rather they were seen by ED as called for by ECIA's requirements for less burden and overprescription in the administration of the program, and by the need to bring greater efficiency to government operations.

(2) Program monitoring and federally-provided technical assistance were the two administrative functions that underwent the greatest change within the CEP office as a result of staff reductions and new approaches to program management. As part of the effort to reduce staff and reconfigure federal administration of the program in a less-burdensome, prescriptive manner, officials within OESE and CEP elected to move to biennial instead of annual program reviews of state and local education agencies and to eliminate many of the federal program specialists whose job was to provide technical

assistance on specific topics of concern to the program. The specialist positions selected for elimination included parent involvement, needs assessment, basic skills, target area selection practices and neglected or delinquent (N or D) services. The reasons given by respondents for their elimination include the fact that ECIA de-emphasized the importance of some areas or that experience with compliance had shown some areas to no longer require as much attention. While the areas of program monitoring and technical assistance changed the most during the years examined, other areas of changed emphasis deserve mention. Technical assistance on issues of services to nonpublic school children has grown within CEP, in large part as a function of the Felton ruling and ED's interest in preventing reduced services to this population. CEP has also added a technical assistance specialist to work on program improvement issues.

(3) The reductions in staff and the shifts in functions performed were heavily concentrated in the period from FY 1982 through FY 1984, a time of considerable turmoil in the CEP unit responsible for daily administration of the program. During these years, CEP endured two RIFs and two associated reorganizations. Reports from staff involved indicate that the RIFs took their toll on staff morale. Moreover, during the period cited, significant uncertainty surrounded the future administrative role of CEP under ECIA. Staff were pulled in different directions attempting to implement a less directive approach to program regulations and guidance at the same time state and local recipients were pressing for clarification of requirements under the new ECIA legislation. The 1983 Technical Amendments eliminated some of the uncertainty over the status of various Title I provisions, yet CEP staff still had several pressures with which to contend. In the broader context, in these years the Congress and the Administration differed radically in their views of the program budget; the FY 1983 budget request of the Administration was $1 billion below what the Congress actually appropriated. Based on our interviews with senior level officials in OESE and CEP, and a sample of more junior level staff within CEP, the years following 1984 show a greater degree of stability for federal management of the program as implementation uncertainties have subsided somewhat and there is greater consensus between Congress and the Administration in their views towards the program budget.

(4) The question of whether current staff qualifications and levels are adequate is highly dependent on what is encompassed in the term "administration of the program." Our inquiries resulted in several perspectives on the question of adequacy, but they were limited to coverage of viewpoints inside ED, and in standards for comparison.

Generally speaking, we did not uncover internal attitudes that staff have fewer qualifications today than was the case under Title I. At least half of the current staff worked in the program office in 1981. Additionally, the preponderance of staff in CEP are relatively senior civil servants with federally assigned grade levels of 12 and above. The majority of respondents interviewed observed that the strengths and weaknesses of staff today were fairly proportional to those under Title I. Responses to SEAs with letters of finding from the program reviews currently take just over a month to process when previously the time required was close to 6 months. Finally, a number of staff indicated their view that the program was operating more efficiently at present than before. While these comments convey a positive view of current staffing of the Chapter 1 program, a few disquieting perceptions also emerged. First, although all senior staff we interviewed believed current numbers of staff to be adequate, staff in the program review unit all agreed that insufficient numbers of staff were available to conduct program reviews. As justification respondents cited the reduction from 4 to 2 members on typical program review teams. Some indicated that program reviews and complaint resolution were less thorough now under Chapter 1 both because of Chapter 1 itself and because of measures to restrict federal involvement, while others saw no difference. Second, we compared Chapter 1 dollars administered per staff member with that of other comparable ED formula-grant programs like P.L. 94-142 and vocational education, and discovered that Chapter 1 administers almost twice as many dollars per staff member. Whether this indicates greater efficiency or inadequate staff resources cannot be determined from this inquiry; part of the reason involves differing administrative practices of those offices responsible for the comparison programs.

Reaching final conclusions on the adequacy of staff resources applied to the management of the Chapter 1 program is a complicated endeavor, that ultimately involves various subjective notions of how the program should be administered. The findings of this study are inconclusive on this question. Any conclusive statement on the issue of adequacy would need to incorporate information from a wide range of involved parties such as SEAs, LEAs, and the Congress. We suspect a great deal rests on how meaningful past strategies of program review and technical assistance proved to be, since these are the areas that have changed the most as a result of staff reductions.

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APPENDIX A

Following is a list of quantitative data presented in this report accompanied by the title of the ED office from which the data were obtained. Data elements are organized according to the order in which they appear in exhibits in this report.

Data	Source (Within Department of Education):
Organizational Structure of Department of Education	Deputy Undersecretary for Management
Organizational Structures (past and current) of Compensatory Education Programs	Compensatory Education Program
Funding history (appropriations) of the Chapter 1/Title I; Basic Grants Program	Office of the Deputy Undersecretary for for Planning, Budget, and Evaluation-- Budget Services Division
Federal Administrative Staffing Levels Compensatory Education Programs: (FTE and headcount)	Compensatory Education Programs; for Management Operations Unit, Office of Elementary and Secondary Education
Compensatory Education Programs-Salaries and Expense Expenditures	Management Operations Unit, Office of Elementary and Secondary Education
Compensatory Education Programs Employee Ceilings Compared with Employees on Board	Management Operations Unit, Office of Elementary and Secondary Education
Federal Administrative Staffing Levels expressed in "Employee Years" for:	Deputy Undersecretary for Management
Title I/Chapter 1 Basic State Grants	
Chapter 2 Block Grants	
Handicapped State Grants	
Vocational Education Basic State Grants	
Final Appropriations for programs listed above	Office of the Deputy Undersecretary for for Planning, Budget and Evaluation-- Budget Services Division
Compensatory Education Programs Grade Levels of Job Positions	Compensatory Education Programs

APPENDIX B- Chapter 1 Program Budget- Final Appropriations in Thousands of Real Dollars FY 1966-FY1986

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Grants to LEAs	$1,164,529	$1,015,153	$1,100,288	$1,020,439	$1,219,166	$1,339,667	$1,406,615	$1,535,538	$1,446,166	$1,588,200
Concentration Grants	--	--	--	--	--	--	--	--	--	--
Special Grants	--	--	--	--	--	15,296	28,573	60,686	47,239	37,624
Special Incentives	--	--	--	--	--	6,305	7,281	18,014	17,855	13,861
State Agency Programs:										
Migrants	--	9,738	41,692	45,556	51,014	57,609	64,823	72,772	78,331	91,953
Handicapped	15,917	15,078	28,747	29,781	37,483	46,130	56,381	75,962	85,778	87,864
Neglected and Delinquent	--	2,262	10,282	13,946	16,006	18,194	20,213	27,545	25,449	26,821
Subtotal, State Agency Programs	15,917	27,078	76,721	89,283	104,503	121,933	141,417	176,279	189,558	206,638
State Administration	12,535	11,179	13,991	13,405	15,382	16,724	17,539	19,298	18,497	19,827
Evaluation	--	--	--	--	--	--	--	--	--	9,850
National Advisory Council	--	--	--	--	--	75	75	185	185	--
Total	$1,192,981	$1,053,410	$1,191,000	$1,123,127	$1,339,051	$1,500,000	$1,597,500	$1,810,000	$1,719,500	$1,876,000

	1975 Advance 1976	1976	1977	1978	1979	1980	1981	1982	1983	1984
Grants to LEAs	$1,625,751	$1,721,361	$1,927,424	$2,357,054	$2,630,245	$2,633,357	$2,512,614	$2,562,753	$2,727,588	$3,003,680
Concentration Grants	--	--	--	--	147,044	98,325	98,773	--	--	--
Special Grants	--	--	--	--	--	--	--	--	--	--
Special Incentives	16,374	24,524	24,524	--	--	--	--	--	--	--
State Agency Programs:										
Migrants	97,090	130,910	185,760	173,549	209,594	245,000	266,400	255,744	255,744	258,024
Handicapped	95,869	111,433	121,591	132,492	143,353	145,000	152,625	146,520	146,520	146,520
Neglected and Delinquent	27,459	28,841	29,821	31,807	33,182	32,392	33,975	32,616	32,616	32,616
Subtotal, State Agency Programs	220,418	271,184	297,172	337,848	386,129	422,392	453,000	434,880	434,880	437,160
State Administration	19,957	21,431	23,630	27,848	48,508	48,319	33,930	30,576	33,180	34,414
Evaluation	17,500	11,500	12,250	12,250	16,456	12,950	6,000	5,760	4,746	4,746
National Advisory Council	--	--	--	--	--	--	--	--	--	--
Total	$1,900,000	$2,050,000	$2,285,000	$2,735,000	$3,228,382	$3,215,343	$3,104,317	$3,033,969	$3,200,394	$3,480,000

	1985	1986*	Total
Grants to LEAs	$3,200,000	$3,062,400	$42,799,988
Concentration Grants	--	--	344,142
Special Grants	--	--	185,418
Special Incentives	--	--	128,738
State Agency Programs:			
Migrants	268,524	253,149	3,068,976
Handicapped	150,170	143,713	2,110,927
Neglected and Delinquent	32,616	31,218	539,873
Subtotal, State Agency Programs	447,310	428,076	5,719,776
State Administration	35,607	34,076	549,853
Evaluation	5,246	5,020	124,274
National Advisory Council	--	--	520
Total	$1,688,141	$1,529,572	$49,863,709

APPENDIX C

Terms Used in the Budgetary Process

The following definitions were prepared by the U.S. Government Accounting Office, and developed in cooperation with the Department of the Treasury, the Office of Management and Budget, and the Congressional Budget Office.

Allocation

This term has two definitions: (1) For purposes of Government accounting, an allocation is the amount of obligational authority transferred from one agency, bureau, or account, to another agency, bureau, or account that is set aside in a transfer appropriation account to carry out the purposes of the parent appropriation or fund. For example, allocations are made when one or more agencies share the administration of a program for which appropriations are made to only one of the agencies or to the President. (2) For purposes of Section 302(a) of the Congressional Budget Act of 1974, an allocation is the distribution of the total budget outlays or total new budget authority in a concurrent resolution on the budget to the various committees having spending responsibilities.

Appropriation

An authorization by an act of the Congress that permits Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation usually follows enactment of authorizing legislation. An appropriation act is the most common means of providing budget authority (see BUDGET AUTHORITY), but in some cases the authorizing legislation itself provides the budget authority. (See BACKDOOR AUTHORITY.) Appropriations do not represent cash actually set aside in the Treasury for purposes specified in the appropriation act; they represent limitations of amounts which agencies may obligate during the time period specified in the respective appropriations acts. There are several types of appropriations that are not counted as budget authority, since they do not provide authority to incur additional obligations

Fiscal Year

Any yearly accounting period, without regard to its relationship to a calendar year. The fiscal year for the Federal Government begins on October 1 and ends on

September 30. The fiscal year is designated by the calendar year in which it ends; e.g., fiscal year 1977 is the fiscal year ending September 30, 1977. (Prior to fiscal year 1977, the fiscal year began on July 1 and ended on June 30.)

Budget Year

The fiscal year for which the budget is being considered; the fiscal year following the current year.

Current Year

The fiscal year in progress.

Past Year

The fiscal year immediately preceding the current year; the last completed fiscal year.

Forward Funding

The obligation of funds in one fiscal year (e.g., the awarding of a contract and establishment of a letter of credit) for the financing of ongoing grantee programs during the succeeding year. For example, in the "Higher Education" appropriation account, Office of Education, HEW, student loan funds are obligated at the end of the fiscal year for student loans to be made in the following year. (See also ADVANCE APPROPRIATION and ADVANCE FUNDING.)

Obligations

Amounts of orders placed, contracts awarded, services rendered, or other commitments made by Federal agencies during a given period, which will require outlays during the same or some future period.

President's Budget

The budget for a particular fiscal year transmitted to the Congress by the President in accordance with the Budget and Accounting Act of 1921, as amended. Some elements of the budget, such as the estimates for the legislative branch and the judiciary, are required to be included without review by the Office of Management and Budget or approval by the President.

Rescission

The consequence of enacted legislation which cancels budget authority previously provided by Congress prior to the time when the authority would otherwise lapse (i.e.,

cease to be available for obligation). Section 1012 of the Impoundment Control Act of 1974 requires a special message from the President to the Congress reporting any proposed rescission of budget authority. These proposals may be accepted in whole or in part through the passage of a rescission bill by both Houses of Congress.

Supplemental Appropriation

An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond original estimates for programs or activities (including new programs authorized after the date of the original appropriation act) for which the need for funds is too urgent to be postponed until enactment of the next regular appropriation act.

APPENDIX D

Justification for the OESE S&E Request Presented to Congress, FY 1987

Salaries and Expenses

Supplemental Fact Sheet

Office of Elementary and Secondary Education

Role and Responsibilities

The Assistant Secretary for Elementary and Secondary Education serves as principal adviser to the Secretary on all matters related to elementary and secondary education. The Office administers programs designed to:

- Assist State and local educational agencies to improve the educational achievement of elementary and secondary students and to assure equal access to services leading to such improvements for all children, particularly children who are economically or otherwise disadvantaged, Alaskan Native, American Indian, or children of migrant workers.
- Strengthen the management capabilities of State educational agency personnel and foster educational improvement at the State and local level.
- Provide financial assistance to local educational agencies whose enrollments are adversely affected by Federal installations and activities.
- Assist State and local education agencies in the process of school desegregation.
- Assist elementary and secondary school teachers in improving the quality of their teaching.
- Improve education in the areas of mathematics and science.
- Provide grants to local educational agencies for use in establishing or operating magnet schools.

Organization and Staffing

The Office of Elementary and Secondary Education (OESE) consists of the Immediate Office of the Assistant Secretary, with one Presidential appointee, the Management Operations Unit and the Policy, Planning and Executive Operations Unit

reporting directly to the Assistant Secretary (27 FTE). Under the Assistant Secretary there are four program offices: the Office of Migrant Education (22 FTE), Compensatory Education Programs (50 FTE), State and Local Education Programs (101 FTE), and Indian Education Programs (49 FTE). It should be noted that although this office has responsibility for supervising Indian education programs, the funding for both the administration and program activities is under a separate appropriation and is not included above. The staffing of OESE paid from this account in 1987 is 200 FTE.

The Office of Elementary and Secondary Education awarded and administered 16 formula and block grants to State and local school districts, totaling approximately $5.1 billion in 1985.

Principal Items of Cost

Approximately 92 percent of the OESE administrative budget is devoted to personnel compensation and benefits. The travel conducted by this office is for program and compliance reviews associated with site visits, administrative law hearings for Impact Aid, and assessments of school districts suffering from natural disasters.

In addition, the budget for other services includes contracts for administrative law judges and stenographic services associated with hearings for the Impact Aid programs, field readers,and ADP services.

An object class summary of budget authority for fiscal years 1985-1987 is on the following page.

1987 Budget Proposal

The 1987 budget proposes to eliminate the following programs: Women's Educational Equity, Impact Aid B Payments, General Assistance to the Virgin Islands, Ellender Fellowships, Follow Through, High School Equivalency Programs for Migrants, and College Assistance Migrant program. These program eliminations will not significantly decrease workload until 1988 or beyond, due to the continuation of existing formula and block grants and other awards. The staffing estimate of 200 FTE for 1987 reflects an increase of 3 over the reduced 1986 level in order to provide for an adequate level of program administration and monitoring.

The budget request for personnel compensation and benefits reflects a reduction resulting from the Government-wide initiative to reduce the proportion of employees in grades 11 through 15.

The budget includes an increase of $112,000 in travel to provide for increased site visits for program monitoring above the level possible in 1986.

Except for the policies noted above, there is no change in budget policy from 1986 to 1987.

SALARIES AND EXPENSES

Supplemental Fact Sheet

Office of Elementary and Secondary Education

Budget Authority by Object ($ in thousands)

	1985 Actual	1986 Estimate	1987 Estimate
Total compensable work years	210	197	200
Personnel Compensation			
FTP Positions	8,079	7,843	7,949
PTT and FTT Positions	205	121	123
Other Personnel Compensation	83	58	61
Special Personnel Services Payments	4	0	0
Subtotal, Personnel Compensation	8,372	8,022	8,133
Personnel Benefits	902	878	888
Benefits for Former Personnel	0	0	0
Travel/Transport of People	453	305	417
Transportation of Things	0	0	0
Standard Level User Charges	6	0	0
Communications, Utilities, and Other Rent	0	0	0
Printing and Reproduction	26	21	21
Other Services	427	275	354
Supplies and Materials	29	20	25
Equipment	0	0	0
Budget Authority by Object	10,215	9,519	9,838